



**Item 1: Cover Page**

Brochure Date: February 8, 2023

Townsend Wealth Management  
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Columbus, GA 31904

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This brochure provides information about the qualifications and business practices of Townsend Wealth Management. If you have any questions about the contents of this brochure, please contact us at 706-221-8200. 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 Townsend Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note: "Registered Investment Advisor" is a regulatory designation and does not imply a certain level of skill or training.

**Item 2: Material Changes**

Section #5 includes a revised investment management rate schedule with increases at certain asset levels that we believe represents the average for our industry and peer group. This new rate schedule applies to new clients after January 1, 2023. Clients who joined us prior to January 1, 2023 remain on their existing rate schedule.



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**Item 4: Advisory Business**

Townsend Wealth Management, founded in 2001, provides investment management and financial planning services to individuals, trusts, charitable organizations, small businesses, and retirement plans. In all aspects of our business we operate as a fiduciary, placing the interests of our clients before our own. We seek to avoid all conflicts of interest with our clients and, at a minimum, make full disclosure of any material conflict between us and our clients that cannot be avoided.

Investment management includes the purchasing and selling of mutual funds, exchange traded funds (ETFs), stocks, bonds, options, and other securities on a discretionary basis for the benefit of our clients. Clients select an investment strategy representing a risk/return profile appropriate for their needs and circumstances. We then implement the investment strategy in a similar manner for all clients within each strategy. Clients may place limited restrictions on their investment account, such as holding a stated amount of a particular security (often a former employer stock or legacy holding with a large unrealized gain), that we would otherwise not hold. As of March 3, 2023, we managed approximately \$133,200,000 on a discretionary basis and approximately \$1,300,000 on a non-discretionary basis for a total of \$134,500,000. Townsend Wealth Management does not participate in a wrap fee program.

Financial Planning includes quantitative and qualitative analysis in an effort to help clients make wise decisions regarding their personal finances. We provide this advice either as a comprehensive financial plan that addresses multiple aspects of the client's financial lives for their expected longevity or we provide this advice on a situation specific basis addressing questions of a limited scope.

When we provide investment advice regarding a retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code, which are laws governing these accounts. The way we make money, based on portfolio size, can create conflicts with your interests, for example if we were to recommend that you use our services instead of another firm's services. For this reason, we operate under a regulatory structure that requires us to act in your best interests and not put our interests ahead of yours.

Townsend Wealth Management's principal owner is Tyler Townsend.



**Item 5: Fees and Compensation**

Townsend Wealth Management is a fee-only firm. This means that 100% of firm revenue is received as payments directly from clients. We do not receive any money from third parties, such as commissions for recommending or selling any products or services. We believe this eliminates an incentive to recommend investment products based on the compensation received, rather than on our clients' best interests.

*Investment Management Fees*

For investment management services, we charge based on a percentage of the client's assets that we manage. Our fee schedule for all new clients, other than employees of Townsend Wealth Management and their families is:

\$0 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.80%
\$2,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,001 - \$20,000,000	0.35%
\$20,000,001 and above	0.20%

Since our founding in 2001, we have made two changes to our rate schedule to reflect changing market conditions. Because we have never increased rates for existing clients, some clients use a different rate schedule that is no longer available to new clients. Employees of Townsend Wealth Management and their families are provided a discounted rate and in some cases no fees apply.

All management fee percentages are annual expenses and are charged quarterly in arrears; we do not accept prepaid fees for investment management services. Employer sponsored retirement plans for which we serve as the investment advisor have a minimum charge of \$2,500 per year. Our investment management fees are not negotiable.

*Fee Example:* Suppose a new client has \$2,500,000 in assets to be managed by Townsend Wealth Management. The annualized fee will be 1% applied to the first \$1,000,000; plus 0.8% applied to the next \$1,000,000, plus 0.65% applied to final \$500,000. The first payment will be due after one quarter of investment management and will be calculated as 0.0025 multiplied by the first \$1,000,000; plus 0.002 multiplied by the next \$1,000,000; plus 0.001625 multiplied by the final \$500,000. Most clients choose to have investment management fees automatically deducted from their investment accounts, though we do allow clients to pay fees by check.

In addition to fees paid to Townsend Wealth Management, investment clients pay trade fees to the account custodian. Our clients receive a discount on the fees available at retail and range from \$0 to \$30 per trade, depending on the security and size of the trade. See Item 12 (Brokerage Practices) for more information on brokerage fees. Mutual funds and ETFs include management expenses paid to the fund company that are deducted from the share price. The custodian may receive a portion of these fees. Townsend Wealth Management uses technology to invest in a cost effective manner that seeks to minimize trade and fund fees.



*Financial Planning Fees*

Comprehensive financial plans vary from \$1,500 to \$3,500 depending upon the complexity of the plan. The fee is quoted in advance and due after completion of the plan to the satisfaction of the client; fees are not negotiable. We waive this fee for investment management clients. Additionally, we offer situation specific planning at no charge to investment management clients.

**Item 6: Performance Based Fees**

We do not accept performance based fees, such as extra fees based on a share of capital appreciation of client investments. We believe this eliminates an incentive to take risks beyond the investment strategy risk profile selected by our clients.

**Item 7: Types of Clients**

We generally provide investment management services to individuals, trusts, charitable organizations, small businesses, and retirement plans. We have a preferred minimum account size of \$250,000 for which limited exceptions may be granted.

**Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

Townsend Wealth Management offers investment strategies with risk/return profiles ranging from fairly conservative to fairly aggressive. We work with the client to help them select a strategy appropriate for their risk tolerance and time horizon. We prepare an Investment Policy Statement for each investment client that provides further detail for the selected investment strategy. We advise all investment clients that investing in securities involves risk of loss and that they must be prepared to bear this risk regardless of strategy selected.

Each of our strategies is characterized by thoughtful asset allocation. In other words, for each strategy we determine the percentage of assets to hold in the core asset classes of US Large Cap Stocks, US Small Cap Stocks, International Developed Markets Stocks, International Emerging Markets Stocks, Real Estate, and Investment Grade Bonds. Using this strategic allocation as a starting point, we then overweight and underweight asset classes based upon our expectations. From time to time we will also introduce other asset classes such as commodities, emerging market bonds, and high yield bonds. Finally, within each asset class we select what we believe to be the best security to achieve our investment goal. This is most often a low cost actively managed mutual fund, though at times we invest in passive mutual funds, ETFs, Real Estate Investment Trusts (REITs), and other securities. Because we tend to invest in a well-diversified manner, risks are primarily related to market risk (risk that the overall stock and bond markets will decline) and interest rate risk (risk that unexpected changes to interest rates will negatively impact security prices). Inflation poses a risk to all investors in that a higher investment return may be required to provide the same purchasing power in the future.

**Item 9: Disciplinary Information**

Townsend Wealth Management, including all current and former employees, has not been subject to legal or disciplinary actions which could be considered material to our business or the integrity of our management.

**Item 10: Other Financial Industry Activities and Affiliations**

Townsend Wealth Management is an independently owned and operated firm. We do not have relationships or agreements with other individuals or firms that could pose a conflict of interest with our clients.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have a Regulatory Compliance Vision Statement and a Code of Ethics. The Code of Ethics requires that we honor our clients' interests first at all times, that we comply with all laws and regulatory requirements, that we maintain strict privacy regarding our clients, and that we exercise investment decisions based strictly on our judgment of the contributions to the client's goals and objectives. Our Code of Ethics Policy is available to any client or prospective client upon request.

Townsend Wealth Management employees invest alongside our clients in the strategy that the employee determines to be appropriate for his or her personal risk tolerance and time horizon. While the majority of the employees' personal investments are held in this strategy, employees are permitted to invest in securities outside of the strategy. Because our investments tend to be in highly liquid securities such as mutual funds and ETFs, we do not believe Townsend Wealth Management employee trades will impact the price of any security in which we invest. However, as a matter of practice we take the step of executing employee trades concurrently or after similarly situated client trades. One exception can occur when we introduce a new mutual fund to our models that requires a minimum firm-wide investment to qualify for the lower-cost institutional share class. It may be necessary to first trade larger accounts, including employee accounts, in order to meet the firm-wide minimum on the first day of trading.

**Item 12: Brokerage Practices**

We recommend our clients select Charles Schwab & Co. as their account custodian. As mentioned above, Townsend Wealth Management is independently owned and operated; we are not affiliated with Schwab or any other organization. Schwab provides us access to its institutional trading and custody services not available to Schwab retail investors. Schwab's services include brokerage, custody, research, and access to certain lower-cost mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. These services generally are available to independent investment advisors at no charge so long as they maintain at least \$10 million of total assets in accounts at Schwab. These services are not otherwise contingent upon the advisor placing any specific number of trades, investing with Schwab any specific amount of assets, or investing any amount in any Schwab branded product.

For clients of Townsend Wealth Management, Schwab does not charge separately for custody services but is compensated by account holders through either transaction-related fees for security trades or a portion of the mutual fund or ETF fee that is embedded in the share price of the fund.

Schwab also makes available other products and services to us either at no cost or at a discounted cost that benefit our ability to efficiently conduct business but may not benefit its clients' accounts immediately and directly. Some of these other products and services are necessary to manage and administer clients' accounts in an efficient manner. These include software and other technology that provide access to client account data; facilitate trade execution; provide research, pricing information, and other market data; facilitate payment of Townsend Wealth Management's fees from its clients' accounts; and assist with back-office functions, record keeping, and client reporting.

Schwab also makes available to Townsend Wealth Management other services intended to help us manage and further develop our business. These services may include consulting, publications, and conferences on topics such as practice management, information technology, business succession, regulatory compliance, marketing, and investments. These services may be provided by Schwab



employees or third parties and fees that would otherwise be charged may be discounted or waived. While as a fiduciary Townsend Wealth Management endeavors to act in its clients' best interests, our recommendation that clients maintain assets in accounts at Schwab may be influenced by the availability of some of these services, which may create a potential conflict of interest if not properly managed. We perform an annual "best execution" analysis to evaluate Schwab's effectiveness in regards to the nature, cost, and quality of custody and brokerage services to help determine Schwab's value to our clients and to mitigate any potential conflict of interest from our receipt of services that may help us efficiently conduct business but not impact client accounts immediately and directly. We do believe that these services enable efficiencies in our operations that allow more time and effort managing the investment programs for the benefit of our clients.

The majority of our investments are in mutual funds and ETFs. Mutual funds trade at a single price established after the market closes while the price of ETFs varies throughout the trading day. To improve trading efficiency and fairness of ETF pricing, we may submit multiple client trades in a block and then allocate shares to all clients within the block at the average trade price for the block. The number of shares per client within the block is determined prior to submitting the block for trade. Our procedure does not allow allocation of trades based on the ultimate trading price, with more attractive prices going to certain clients. While all clients within a block receive the same price, it is possible that clients in different blocks will receive different prices. It is not possible to know whether the same security in the next block will receive a higher or lower price than the previous block. Client trade fees are the same whether the trade is placed within a block or not. We generally attempt to place trades within a short period of time and in a manner and sequence that is most efficient for quickly and accurately executing the trades. We typically hold Townsend Wealth Management's employee trades until the last block.

### **Item 13: Review of Accounts**

Tyler Townsend or Ken Townsend reviews account activity almost daily. On an ongoing basis Tyler and Ken evaluate the positioning of each strategy. When a change to a strategy is made, all accounts using that strategy are examined. Changes to the strategies are made with a long term view and are relatively infrequent. Our software allows us to monitor the holdings of each account and take action if an account drifts from its intended allocations.

Clients receive monthly or quarterly holdings and transaction statements from the custodian and quarterly performance reports from Townsend Wealth Management. All clients have access to real-time account information in a secure, online portal. The custodian provides Form 1099's for each account to assist income tax filing.

### **Item 14: Client Referral and Other Compensation**

We do not receive compensation from any third party for providing any recommendation or service. We do not pay any third party for recommending our firm to a prospective client.

### **Item 15: Custody**

We do not have custody of any client funds or securities.

### **Item 16: Investment Discretion**

We invest client accounts on a discretionary basis, based upon the investment strategy selected by the client and detailed in their signed Investment Policy Statement. Clients provide permission on the



## *Form ADV Part 2A & 2B*

custodian's account application for Townsend Wealth Management to buy and sell securities within their accounts on their behalf.

### **Item 17: Voting Client Securities**

When establishing an account, the client has the option to elect to vote proxies or have Townsend Wealth Management vote the proxies. Our Proxy Voting Policy requires that we vote proxies in the best economic interests of our clients, in our considered judgment. The policy and record of proxy votes is available to all clients upon request. Any client wishing to change their voting preference may do so with timely notice to the custodian.

### **Item 18: Financial Information**

We do not require prepayment of fees for any services. We have not been the subject of a bankruptcy petition at any time. We do not have any financial conditions that would impair our ability to meet contractual commitments to our clients.





### **Brochure Supplement: Tyler Townsend**

#### **Item 1: Cover Page**

Tyler Townsend, CFP®, CFA  
Managing Partner  
Townsend Wealth Management  
6867 Mountainbrook Dr, Ste 102  
Columbus, GA 31904  
706-221-8200

Brochure Supplement Date: January 31, 2023

This brochure supplement provides information about Tyler Townsend (CRD# 5475721) that supplements the Townsend Wealth Management brochure. You should have received a copy of that brochure. Please contact Tyler Townsend, Chief Compliance Officer, if you did not receive Townsend Wealth Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Tyler Townsend is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **Item 2: Educational Background and Business Experience**

Tyler Townsend, born in 1972, received a bachelor's degree in industrial engineering from Georgia Tech. Prior to joining Townsend Wealth Management in 2007, Tyler worked as a senior manager in professional services for Manhattan Associates, a supply chain technology firm serving clients in a variety of industries throughout the world. Since joining Townsend Wealth Management, Tyler has held the positions of Associate Planner; Vice President, Investments; and Managing Partner.

Tyler is a CERTIFIED FINANCIAL PLANNER™ professional. The CFP® certification is a voluntary certification; it is not required by any federal or state law or regulation. 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 subject areas important for the competent and professional delivery of financial planning services.
- *Examination:* Pass the comprehensive CFP® Certification Examination.
- *Experience:* Complete at least three years of full-time financial planning-related experience.
- *Ethics:* Agree to be bound by CFP Board's *Standards of Professional Conduct*, including a fiduciary standard of care placing the client's interests above all else.

CFP® professionals must complete the following ongoing education and ethics requirements:

- *Continuing Education:* Complete 30 hours of continuing education every two years, including two hours on the *Code of Ethics* and *Standards of Professional Conduct*.
- *Ethics:* Renew an agreement to be bound by the *Standards of Professional Conduct*.

Tyler is a Chartered Financial Analyst (CFA) charterholder. The CFA charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. The CFA charter is voluntary; it is not required by any federal or state law or regulation.



## Form ADV Part 2A & 2B

To earn the CFA charter, candidates must: 1) pass three sequential six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, requires CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

The CFA Program curriculum includes a wide range of fundamental and advanced topics such as economics, financial reporting, equity and fixed income analysis, derivatives, alternative investments, portfolio management, and wealth planning. The CFA Program emphasizes a global approach to investment management with more than 167,000 CFA charterholders practicing in more than 135 countries.

### Item 3: Disciplinary Information

Tyler Townsend has not been subject to legal or disciplinary actions which could be considered material to his performance or the performance of the firm.

### Item 4: Other Business Activities

Tyler Townsend is not actively engaged in any outside investment-related business or occupation.

### Item 5: Additional Compensation

Tyler Townsend does not receive outside compensation related to his investment advisory services. Tyler does not receive a bonus that is based, even in part, on the number or amount of sales, client referrals, or new accounts obtained by the firm.

### Item 6: Supervision

Tyler Townsend is Managing Partner of Townsend Wealth Management, which is organized as a limited liability company. Tyler is accountable to the other members of the firm. All firm members may be reached at 706-221-8200.



**Brochure Supplement: Ken Townsend**

**Item 1: Cover Page**

Ken Townsend, CFP®

Partner

Townsend Wealth Management

6867 Mountainbrook Dr, Ste 102

Columbus, GA 31904

706-221-8200

This brochure supplement provides information about Ken Townsend (CRD# 4651077) that supplements the Townsend Wealth Management brochure. You should have received a copy of that brochure. Please contact Tyler Townsend, Chief Compliance Officer, if you did not receive Townsend Wealth Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Ken Townsend is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Educational Background and Business Experience**

Ken Townsend, born in 1940, received a bachelor of science degree in mechanical engineering from Georgia Tech and a master of business administration degree (MBA) from the Wharton School of Business at the University of Pennsylvania. Ken worked for ExxonMobil Chemical Company for thirty-four years, ending in August 2000. Most of his assignments were in sales, finance, and general business management positions including the management of Callaway Chemical in Columbus, GA for the nine years this company was owned by ExxonMobil (1985-1994). Ken served as president of Townsend Wealth Management from its founding in 2001 through December 2016.

Ken is a CERTIFIED FINANCIAL PLANNER™ professional. The CFP® certification is a voluntary certification; it is not required by any federal or state law or regulation. 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 subject areas important for the competent and professional delivery of financial planning services.
- *Examination:* Pass the comprehensive CFP® Certification Examination.
- *Experience:* Complete at least three years of full-time financial planning-related experience.
- *Ethics:* Agree to be bound by CFP Board's *Standards of Professional Conduct*, including a fiduciary standard of care placing the client's interests above all else.

CFP® professionals must complete the following ongoing education and ethics requirements:

- *Continuing Education:* Complete 30 hours of continuing education every two years, including two hours on the *Code of Ethics* and *Standards of Professional Conduct*.
- *Ethics:* Renew an agreement to be bound by the *Standards of Professional Conduct*.

**Item 3: Disciplinary Information**

Ken Townsend has not been subject to legal or disciplinary actions which could be considered material to his performance or the performance of the firm.



## *Form ADV Part 2A & 2B*

### Item 4: Other Business Activities

Ken Townsend is not actively engaged in any outside investment-related business or occupation.

### Item 5: Additional Compensation

Ken Townsend does not receive outside compensation related to his investment advisory services. Ken does not receive a bonus that is based, even in part, on the number or amount of sales, client referrals, or new accounts obtained by the firm.

### Item 6: Supervision

Ken Townsend is supervised by Tyler Townsend, Managing Partner of Townsend Wealth Management. Tyler may be reached at 706-221-8200.