



## **TOWNSEND FINANCIAL PLANNING, LLC**

A Registered Investment Adviser in the State of Kentucky

### ***Disclosure Brochure - Form ADV Part 2A***

**September 30, 2019**

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This brochure provides information about the qualifications and business practices of TOWNSEND FINANCIAL PLANNING, LLC. If you have any questions about the contents of this brochure, please contact us at 859-498-2020 or [Melody@TownsendPlanning.com](mailto:Melody@TownsendPlanning.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. While the Firm and its personnel are registered with the State of Kentucky, it does not imply a certain level of skill or training on the part of the Firm or its personnel.

Additional information about TOWNSEND FINANCIAL PLANNING, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the Firm's CRD number **141571**.

**Item 2: Material Changes**

This filing is an “other than annual amendment” filing with material changes since the last filing date of March 14, 2019. The “material change” is, Townsend Financial Planning, LLC has added a Louisville meeting location. Please read this disclosure in its entirety and contact us with any questions.

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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**Important Information:** Throughout this document, Townsend Financial Planning, LLC shall also be referred to as the “Firm,” “our,” “we” or “us.” These terms are utilized for the reader’s ease of use while reviewing the brochure and are not meant to imply the Firm is larger than it may be at the time of publication. The Client or prospective Client may also be referred to as “you,” “your,” etc., and refers to a Client engagement involving a single *person* as well as two or more *persons*.

**NOTE:** This brochure contains 22 pages & should not be considered complete without all pages.

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#### Item 4 - Advisory Business


4a: Firm Description - Townsend Financial Planning registered with the Kentucky Department of Financial Institutions in October 2006. Townsend Financial Planning, LLC (TFP) was organized in April 2011 and updated its registration with the Kentucky Department of Financial Institutions at that time. Melody W. Townsend is the managing member, Chief Compliance Officer (CCO) and President of the Firm.

The Firm holds itself to a *fiduciary* standard, which means Townsend Financial Planning, LLC and its associates will act in the utmost good faith and performing in a manner believed to be in the best interest of its Clients.

TFP is strictly a **Fee-Only** financial planning & investment management Firm. The Firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships or any other commissioned products. The Firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees or referral fees are accepted.


Our primary function is providing financial planning services to individuals, families and small business owners. Advice is given in areas of retirement planning, education planning, investment planning, cash flow and debt management, tax planning, risk management, retirement plan selection and estate planning. An estimated 60% of the Firm's activities involve providing continuous supervision and consultation with respect to the investment of Client assets; 5% furnishing investment advice through consultations not included in either investment supervisory or investment management; the remaining 35% of the Firm's efforts are oriented toward "non-securities advice," such as issues involving expense budgeting and savings, education, insurance, charitable and estate planning, real estate, retirement plan consulting, among others.


4b & c: Types of Advisory Services - The Firm offers a wide range of investment advisory, planning and consulting services tailored to our Clients' needs. These services are further described as follows:

 **Investment Management** – We provide a personalized, customized approach to investment management. Our process includes:

- ❖ Defining goals
- ❖ Assessing risk
- ❖ Developing a strategy
- ❖ Implementing the strategy
- ❖ Monitoring progress

We provide on-going reporting that can be accessed via the internet or provided through regular statements. We understand that every Client has unique goals and risk tolerance and we design an investment strategy for those unique circumstances.

 **Retainer Service** – We offer a retainer service to be utilized by Clients who are self-implementers with their investment portfolio (effecting their own trades) but desire ongoing assistance in defining goals, assessing risk, developing strategy and implementing the strategy and monitoring progress with a variety of financial planning areas. No on-going investment management or reporting is provided with this service. We conduct periodic reviews with access to advice from the Firm on most financial matters.

 **Employer Retirement Plans** – We understand the challenges small business owners and other employers face in providing retirement plan benefits (401(k), Profit sharing, SIMPLE, SEP, etc.) for their employees. Our goal is to simplify our Clients' lives through a responsive, integrated approach and deliver to you the level of service and expertise that you need, no matter the size or complexity. We will assist you in evaluating which retirement plan option will best suit the goals you have for you and your employees when it comes to saving for retirement. We can walk you through the plan set up and monitoring process. This service can also include retirement planning

and financial education sessions for individual employees.

- 🕒 **Financial Planning** – Whether you are saving for a particular goal, or planning for future college expenses, trying to determine if you need more insurance, or trying to figure out how to make the most of charitable contributions, you need to review your complete financial situation first. This service offering is designed to be the foundation of your financial and retirement planning efforts. It can serve as either a standalone project or the starting point for more detailed engagements with our Firm. We will help you understand where you are and will develop a strategy that will help you meet your objectives.

Comprehensive retirement planning involves a complete financial review and the development of short-term and long-term strategies for financial success. We review your current situation, explore alternatives, analyze social security choices, and determine how best to structure your investment, retirement and personal assets to meet your retirement goals. We also assist with building a distribution strategy taking into consideration the various factors that influence these decisions such as tax implications, account type, investment type, etc.

To begin most financial planning engagements, we first conduct an initial interview and gather data to assist the Client in determining specific needs, goals, objectives and tolerance for risk. We then prepare analyses of their current financial situation and possible future scenarios, when appropriate. Next, we present the analysis including a net worth statement, basic reviews of estate planning, taxes, life disability and long-term care insurance needs; identification of other issues requiring further attention and a written summary of significant observations, assumptions and recommendations over each area that we have been engaged to provide advice. Upon completion of this presentation, the engagement is concluded. Email and telephone support is included for 60 days after the presentation meeting.

The initial financial plan may not be enough for many Clients, but it will provide an assessment of your overall financial situation and identify areas where additional work may be needed. These may include college savings, insurance needs and estate planning. The Client may re-engage us as needed or choose to participate in our **Investment Management** or **Retainer Service** option. At a minimum, annual **Financial Check-ups** are recommended and encouraged. It is the Client's responsibility to initiate these reviews (except in the instance of Investment Management or Retainer Service Clients).

- 🕒 **Financial Check-Up/Live Planning Meeting** – This is a single meeting that focuses on one or two financial issues. This meeting can be conducted in-person or remotely/online. An action item checklist is typically compiled during the meeting and in some cases a short summary of recommendations will be sent to the Client after the meeting. This is not designed to be a detailed financial review and will not result in an extensive financial plan. This is most appropriate for Clients who have completed a full financial plan or one with fairly simple financial circumstances, such as those in their late 20s or early 30s. Appropriate topics for discussion include 401(k) investment choices, college savings strategies, basic retirement forecasting and debt management. Email and telephone support is included for 30 days after the meeting.

- 🕒 **Custom Tailored, Hourly or Flat Fee Engagements** – One time/project basis advice where the arrangement is focused on a particular topic or topics the Client has specific questions about. The scope of these engagements vary widely depending upon the Client's need and are generally most appropriate for those Clients with unique or complex circumstances.

**4c. Client Tailored Relationships and Restrictions** - As a fiduciary, TFP and its associates will act in the utmost good faith and performing in a manner believed to be in the best interest of its Clients. Each Client's portfolio is customized based on the Client's investment objectives. Clients may make requests or suggestions regarding the investments made in their portfolio. Restrictions on trading that, in the Advisor's expert opinion, are not in Client's best interest cannot be honored.

The goals and objectives for each Client are documented in our Client files. Investment objectives are

created that reflect the stated goals, tolerance for risk and investing timeframe of the Client. Clients may impose restrictions on investing in certain securities or types of securities as long as it is not in conflict with the best interest of the Client.

4d. Wrap Fee Programs - The Firm does not sponsor or serve as portfolio manager for a wrap fee investment program.

#### Other notes

- ❖ With most services, the initial meeting (which may be conducted remotely/online), is free of charge & is considered an exploratory interview to determine the extent to which financial planning & investment advice may be beneficial to the Client and align with the services they are seeking. In some cases, if the meeting is longer than usual or more detailed in content & the Client chooses to move forward with the services of the Firm, the initial meeting is billed at applicable rates or factored in the estimated fee quote.
- ❖ When financial planning services focus only on certain areas of a Client's interest or need at their request, the Client must understand that their overall financial situation or needs may not be fully addressed due to limitations they have established.
- ❖ On more than an occasional basis, TFP furnishes advice to Clients on matters not involving securities, such as financial planning matters, taxation issues, and general estate planning issues.
- ❖ With the Client's consent, the Firm may work with the Client's other advisers (accountants, attorney, etc.) to assist with coordination and implementation of agreed upon strategies. These other professionals are engaged directly by the Client on an as-needed basis and the Client should be aware that their other advisers will bill them separately for their services and these fees will be in addition to those of the Firm. Conflicts of interest will be disclosed to the Client in the unlikely event they should occur. The Firm does not provide accounting, legal or property and casualty insurance services.
- ❖ The Firm will use its best judgment and good faith effort in rendering its services to its Clients. TFP cannot warrant or guarantee any particular level of account performance, or that account will be profitable over time. Past performance is not necessarily indicative of future results.
- ❖ Except as may otherwise be provided by law, the Firm will not be liable to the Client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the Firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the Firm's adherence to the Client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.
- ❖ Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document shall constitute a waiver of any rights that a Client may have under federal and state securities laws.
- ❖ Agreements may not be assigned without Client consent.

4e. Assets Under Management (AUM) - As of December 31, 2018, TFP has \$37,027,574 discretionary reportable Assets Under Management and \$9,121,114 in non-discretionary reportable Assets Under Management, for a total of \$46,148,688 in Assets Under Management.

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## **Item 5 - Fees and Compensation**

Types of Agreements – The following agreements define the typical Client relationships and associated fees:

Townsend Financial Planning, LLC reserves the right (but is not obligated) to assess a lower fee to those

Clients who had engaged the Firm prior to September 21, 2016, in addition to associates' and related persons' accounts maintained by the Firm through its selected custodian.

- Investment Management Generally, TFP charges a fixed percentage of assets under management or a flat fee based on the following schedule:

Account Asset Value	Annualized Fee
First \$2,000,000	1.00%
Above \$2,000,001	0.75%

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded.

The Firm's investment management fee is negotiable at the discretion of the Firm Principal. The amount of this fee is based on several factors including the size of the account, services rendered, amount of time expended and other account management considerations. If it is mutually agreed that the factors/services warrant an increase in the fee schedule outlined above, the maximum annual fee that will be charged is 2.00%. The fee schedule as well as services provided would be fully outlined in the Investment Advisory Agreement and signed by both the Client and Principal. In very specific cases, we may provide asset management services on a transactional fee basis rather than based on assets under management. Accounts using a transactional fee model may have a \$20 quarterly fee.

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage Firm charges a fee for stock and bond trades. TFP does not receive any compensation, in any form, from fund companies.

Existing investments in Client accounts may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, interests in partnerships and various executive long-term incentive plans. Initial public offerings (IPOs) are not available through TFP.

'Householding' Accounts - At its discretion, the Firm may aggregate or "household" asset management accounts (including multiple accounts) for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member or incompetent person's account. However, should investment objectives be substantially different for any two or more household accounts requiring different investment approaches, the Firm reserves the right to apply its fee schedule separately to each account.

Billing Cycle and Fee Assessments - For the convenience of the Client, they may be billed either quarterly or monthly (in arrears) during each advisory billing cycle. A new account's first billing cycle may occur once the agreement is executed and accounts are funded. For partial periods under our management, your account will be assessed a pro-rated fee.

Fee payments will generally be assessed within 10 business days following each calendar billing period. For those accounts held by Client's selected brokerage Firm or custodian that the Firm does not maintain an agreement, Clients will be directly billed, and fees will be due in full within 15 days of receipt of the Firm's invoice.



For purposes of determining account asset value, securities and other instruments traded on a market for which actual transaction prices are publicly reported will be valued at the last reported sale price on the principal market in which they are traded.

If there are no sales on such date, then they will be determined by the mean between the *closing bid* and *asked price* on such date. Other readily-marketable securities will be valued using a pricing service or through quotations from one or more dealers. In the absence of a market value, TFP may seek an independent third-party opinion or through a good faith determination by a qualified Firm associate.


The applicable Investment Management Services fees referenced include all fees and charges for the services of the Firm and its investment adviser representatives. The Client will be required to authorize in writing a selected broker/dealer or custodian ("service provider") to deduct advisory fees, applicable transaction charges, etc., from Client accounts. All fees will be clearly noted on your statements and we will send you written notice of the fees to be deducted from your account which will include the total fee assessed, covered time period, calculation formula utilized, and the assets under management on which the fee has been based. In all instances, the Client bears responsibility for verifying the accuracy of fee calculations in their invoice/statement.

Fees for these services are negotiable at the discretion of the Firm principal and services to be provided and the assessed fee will be detailed in the written engagement agreement. Lower fees for comparable services may be available from other sources.

Potential Additional Fees - Specific product recommendations made by the Firm will usually be for "no-load" (i.e., no commission) products, if available. In some cases, such as with insurance products, there may not be a suitable selection of no-load products available for recommendation, however, neither the Firm nor its associates will be paid a commission on the purchase.

Any transactional or custodial fees assessed by the selected service provider and/or individual retirement account or qualified retirement plan account termination fees are borne by the Client and are as provided in the current, separate fee schedule of the selected service provider. Fees paid to the Firm for its services are separate from any charges the Client may pay for mutual funds, ETFs/ETNs, or other investments of this type. The Firm does not receive "trailer" or SEC Rule 12b-1 fees from any investment company.

Further information about our fees in relationship to our business practices are noted in Item 12 of this document.

 **Retainer Service Agreement** Some Clients are offered the opportunity to work with us under an ongoing Retainer arrangement. The Retainer arrangement can incorporate both the initial engagement work as well as the ongoing relationship over time. The Retainer Service fee is determined by our assessment of the complexity of the Client situation and the scope of the services to be rendered.

Our complexity assessment involves a detailed checklist of factors that require an investment of our time in servicing that Client. The magnitude of assets involved, and the level of overall household income are just two of many components that go into the calculation of the fee. There is no minimum asset requirement.

The Retainer Service begins with the initial meeting as with any other Client, but the meeting will likely last longer and the discovery process will be more extensive. It may even take more than one meeting to arrive at the point where the complexity factors are all understood, and a fee amount can be derived, and the relationship can be finalized. Often, the Retainer Service will start with a Financial Planning engagement that is billed hourly before converting to a Retainer Service agreement.

Retainer Service fees are billed quarterly or monthly in most instances and starts as soon as the engagement is formalized by the signing of the agreement. Because the initial work with the Client



is the most time-intensive for our staff, we ask Clients for a 9-month initial commitment to recoup the cost of our initial work. After the first 9 months, either party can cancel the Retainer arrangement at any time upon written notice. The agreement automatically renews annually, and the fee is subject to periodic review for changes in complexity, assets or income specific to the circumstances of a Client. In addition, the formula we use to translate complexity factors into Client fee amounts is subject to change over time.

Fees may be paid via paper or electronic check, direct fee deduction or debit/credit card. In general, it is against our policy to accept cash as payment for any fees. For Clients with accounts at Scottrade, TIAA-CREF, Fidelity or other custodians, we may be able to offer direct fee deduction from taxable and retirement accounts as appropriate. We can also offer monthly recurring credit card billing. We do invoice Client's as well, and they can pay by check, however, we generally bill on a quarterly basis to minimize billing complexity, so the monthly billing option may not be available.

Project/Hourly Clients are not required to convert to a Retainer Service or Investment Management Client in order to work with us at this time.

- 🕒 **Retirement Plans (ERISA, 401(k))** TFP provides fiduciary services to 401(k) plan sponsors and other retirement plans or plan participants. Fees charged may be hourly, a percentage of assets or a fixed fee based on plan size, participants and overall complexity. The fee descriptions above would apply depending on the customized arrangement established in writing with the Client.
- 🕒 **Retirement/Financial Planning Agreement** This agreement is used for Financial Planning and Custom Tailored, Hourly or Flat Fee, and Financial Check-up/Live Planning engagements as described in Item 4b.

Financial planning and consultation services fees are generally paid on a fixed fee or project-based rate and assessed based on the normal hourly rate and an estimate of the number of hours involved in the project. An example\* of our schedule would be:

- 🕒 Retirement Roadmap - \$1,800 - \$4,800+
- 🕒 Portfolio Makeover - \$1,200 - \$2,800+
- 🕒 Financial Check Up - \$750+
- 🕒 Customized Engagements - \$150-\$240 per hour depending on advisor
- 🕒 Small Business Retirement Planning - Customized

*\*The noted fees are a guideline. Actual fee estimates may differ due to specific Client circumstances.*

The fee for Project planning work is predicated upon the facts known at the start of the engagement. The fee generally ranges from \$1,200 to \$5,000. The fee is quoted as either a flat fee or is based upon our estimate of the actual time that will be spent on the project using our hourly rate of \$150-\$240 per hour depending on advisor. The Project fee may be paid in one of two ways:

1. A deposit of 50% of the estimated fee range at the initial engagement with balance due at the end of the meeting to review the written report.
2. A deposit of 35% at time of initial engagement with balance spread over 3-5 monthly credit card payments commencing one month after initial engagement.

The initial deposit may be paid via paper or electronic check or debit/credit card. In general, it is against our policy to accept cash as payment for any fees. If opting for the 3-5 monthly payments option, a recurring credit card billing will be used.

A financial plan is designed to help the Client with selected aspects of financial planning without

on-going oversight or follow up by the Firm after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; one or more retirement scenarios; a review of insurance matters; estate planning recommendations, subject to independent counsel and implementation from a licensed attorney; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of any project deliverable, if included in the scope of the engagement. Implementation of the recommendations is at the discretion of the Client and remains their sole responsibility.

Since financial planning is a discovery process, situations occur wherein the Client is unaware of certain financial exposures or predicaments. In the event that the Client's situation is substantially different than disclosed at the initial meeting, a revised Project fee will be provided for mutual agreement. The Client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for a reasonable timeframe, typically for one to two months after delivery of the plan. Follow-up implementation work is billed separately at the current hourly rate & an Addendum to the agreement will be signed by both TFP and the Client.

When financial planning services focus only on certain areas of Client interest or need, the Client must understand that their overall financial situation or needs may not be fully addressed due to limitations they have established.


With this agreement, the Client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by the Firm. Further, it remains each Client's responsibility to promptly notify TFP if there is a material change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm's recommendations or services.

Upon completion of the initial engagement, additional work may be billed at an agreed upon fixed or hourly rate by signing a services agreement Addendum. Projects that require spanning more than three months in duration will be billed quarterly in advance.

If the Client elects to further engage the Firm to provide Investment Management Services, a portion of certain financial planning services fees during the initial engagement year may be waived at the discretion of the Firm principal.

In limited situations, Client fees may be paid by a third-party on behalf of the Client. For example, FinancialPoint, a subsidiary of ComPsych Corp., will pay financial planning fees on behalf of Clients receiving benefits under a Servicemembers' Group Life Insurance policy.

In all cases, fees for these services are negotiable at the discretion of the Firm principal and services to be provided and the assessed fee will be detailed in the written engagement agreement.

 **Relationship Management Service** In the past, if TFP Clients desired to have an outside discretionary asset management service they were referred to an outside discretionary investment management Firm. In those cases, the Client may have wished to work with an outside investment manager and engage TFP's Relationship Management service. This service is primarily reserved for Clients who were "grandfathered" under this arrangement since TFP originally began operations in October 2006. Most new Clients who wish to have an on-going relationship with TFP will fall under the Retainer or Investment Management agreement.

Prior to engaging the TFP to provide relationship management services, the Client will be required to enter into a written agreement with the TFP setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

Some of the Relationship Management services may include but are not limited to:

Face-to-face meetings or conference calls – (frequency depends on Client preference – quarterly, semi-annually, annually). During these meetings, a review of the following is provided if needed:

- ❖ Full review of investment portfolio including an asset allocation analysis
- ❖ An Asset allocation drifts analysis to determine rebalancing needs
- ❖ A review of the investments in the account(s)
- ❖ A review of the performance of the account(s)
- ❖ A market outlook/commentary
- ❖ An update of goals/life changes
- ❖ An updated retirement analysis

TFP also reviews quarterly – the quarterly investment report prepared by the outside manager(s), if applicable.

TFP is available to answer general investment questions that the Client may have in relation to their financial plan and the pieces of implementation.

The standard annual fee for this service is 0.40% of the average daily balance of the total account(s). However, all fees are negotiable depending on the scope of the engagement. Generally, the range is 0.25%-0.75% annually of the average daily balance of the total account(s) or the average of the beginning & ending quarterly balance (where the average daily balance is not available) and depends on the scope of the relationship needs. This fee is calculated and billed quarterly by invoice or billed directly to the Client's account (if authorized) and collected by the outside investment manager who acts as a pass-through bill paying agent for the Client, then remitting the fee paid by the Client to TFP. This engagement will remain in effect until terminated by either party.

When engaging TFP's Relationship Management Service, TFP does not provide typical investment management services. TFP has no on-going investment management responsibilities as they provide advice on an intermittent or periodic basis (such as upon Client request, in response to a market event, or on a specific date (e.g. the account is reviewed and adjusted quarterly)).

5c. Third Party/Other Fees - All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by custodians, broker dealers, mutual funds and other third parties. All fees and charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. These potential fees include but are not limited to mutual funds fees (including 12b-1 fees), trading fees, transaction fees, exchange fees, transfer taxes, custodial fees, administrative fees for MF/ETFs and wire transfer and electronic funds processing fees. You bear the responsibility for verifying the accuracy of fee calculations. We recommend that the Client obtain a complete schedule of fees from their brokerage Firm or outside investment manager. We also recommend that the Client review the investment prospectus for a complete explanation of these fees and expenses.

Most trading transaction charges are usually small and incidental to the purchase or sale of a security. Generally, the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

We do not receive any portion of these other fees. We do not receive commissions or third-party payments

of any kind. The only compensation we receive is in the form of fees paid directly by the Client.

Expense Ratios - Mutual funds and Exchange Traded Funds (ETF) generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50% means that the fund company charges  $\frac{1}{2}$  of 1% for their services annually, which equates to \$5 annually on a \$1,000 investment. These fees are in addition to the fees paid by you to TFP.

Performance figures quoted by fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement - Our fees are paid in advance, arrears or at the time of service, as detailed in each program details in Item 5b above.

With the exception of the first 9-month period of a new Retainer Service Client, a Client may terminate any of the aforementioned agreements at any time by notifying TFP in writing and paying the accrued balance for the time spent on the engagement prior to notification of termination. If the Client made an advance payment, TFP will refund any unearned portion of the advance payment.

Likewise, TFP may terminate any of the aforementioned agreements at any time by notifying the Client in writing. If the Client made an advance payment, TFP will refund any unearned portion of the advance payment.

If a Financial Planning Service agreement is terminated within 5 business days of signing, all fees will be refunded. After that, any unearned fees would be refunded on a pro-rata basis and any balances owed would be due immediately.

Either TFP or our Client may terminate the investment management relationship by providing 30 days' written notice. When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made in the month following the end of the quarter in which the contract was terminated.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

TFP reserves the right to stop work on any account that is more than 7 days overdue. In addition, the Firm reserves the right to terminate any financial planning engagement where a Client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the Firm's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded promptly.

End Notes to Advisory Services and Fees - In performing any of its services, TFP shall not be required to verify any information received from the Client or from the Client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. TFP may recommend the services of itself and/or other professionals for implementation purposes. Clients are advised that a conflict of interest exists if TFP recommends its own services and if the TFP recommends Unified Trust Company, N.A. as an investment manager because TFP's president used to work for the company. The Client is under no obligation to act upon any of the recommendations made by the TFP and/or engage the services of any such recommended professionals, including TFP itself. In the event of engaging TFP for the Financial Planning, Retirement Planning and Custom Tailored, Hourly or Flat Fee engagements as described in Item 4b, Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from TFP. Moreover, each Client engaged in any of our services is advised that it remains his/her/its responsibility to promptly notify TFP if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating,

or revising TFP's previous recommendations and/or services.

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#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

Sharing of Capital Gains - Fees are not based on a share of the capital gains or capital appreciation of managed securities.

TFP does not use a performance-based fee structure based on a share of capital appreciation of the funds of an advisory contract, also known as performance-based fee, because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the Client.

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#### **Item 7 - Types of Clients**

Description - TFP generally provides investment advice and financial planning to individuals, pension and profit sharing plans, trusts, estates, or small business entities.

Client relationships vary in scope and length of service. The Firm does not require minimum income levels, dollar value of assets or other conditions for its financial planning and investment consultation services.

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

Methods of Analysis - If the Firm is engaged to provide investment consultation through our Financial Planning service or Investment Management Service, the Client's current financial situation, needs, goals, objectives and tolerance for risk are initially evaluated. Asset allocation and investment objective decisions are made and discussed with the Client to, in the Firm's best judgment, meet the Client's objectives while minimizing risk exposure.

Generally, we first gather information about the Client's personal financial situation and then conduct a meeting with the Client to clarify the Client's personal financial information and determine the Client's specific needs, objectives, goals and tolerance for risk. We employ a fundamental, long-term, buy-and-hold philosophy in regard to investment advice.

We believe it is important that each client know that our strategy is tailored to best meet their goals and needs. Each client presents a unique profile, and we may employ one or more strategies or methods to meet their goals.

Modern Portfolio Theory - TFP generally adheres to the principles of Modern Portfolio Theory, which advocates investing across different asset classes to increase diversity and reduce risk. Based on our research and the research of others, we will generally diversify your assets among cash equivalents (money market funds); high-quality, short and intermediate-term bonds; large and small company stocks; and growth (higher-priced) and value (lower-priced) stocks in the U.S. and foreign developed markets. In certain circumstances, large, small, growth, and value stocks in select emerging markets and/or shares of real estate investment trusts (REITs) and commodity indexes will be included in diversified portfolios.

Asset Allocations - TFP recommends a mix of asset classes for your portfolio based on an assessment of your long-term financial objectives. Where appropriate, we will recommend include high-quality, short and intermediate-term bonds (within a broadly diversified index or asset class mutual fund) to reduce overall portfolio risk, generate a more predictable cash flow (interest income), facilitate portfolio rebalancing, and provide a hedge against inflation.

If your objective is a higher annual expected return and you are willing to accept a higher degree of risk, we will recommend a portfolio with greater allocations to stocks in general and small company and value stocks specifically (using index or asset class mutual funds). Recommended stock allocations will generally be globally diversified among the U.S. and foreign developed markets. In certain circumstances, we may include emerging markets and REITs in limited percentages. Our recommended asset allocation is not influenced by current market conditions. This asset allocation is altered only when your long-term investment objectives have changed.

Rebalancing - Asset allocations for your portfolio will change as financial markets rise and fall and the

specific assets of different parts of your portfolio change. This creates the opportunity to selectively rebalance your portfolio in order to bring asset class percentages back to your policy targets. Asset classes that have risen beyond predetermined limits are sold by an amount that brings the allocation back in line with policy targets, and those that have fallen in value are purchased in the same way. This is a method of buying low and selling high that is not based on trying to predict the direction of markets or asset returns.

This rebalancing has the effect of enhancing portfolio returns while maintaining the agreed-upon risk. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, TFP has pre-determined ranges in which allocations may vary and at which rebalancing is initiated.

**Specific Investments** - While we generally select ETFs, mutual funds or similar securities, we may at times select individual securities or build individual stock portfolios for our clients. In these cases, TFP examines each securities management, financial condition, and market position and ensures that any purchases of individual securities work towards the client's portfolio goals, investment horizons and exposure to risk. Individual stocks present potential risks as prices of individual securities can move up or down due to general economic conditions, industry specific conditions, government regulations or corporate management, among other factors.

**8b: Investment Strategy Risks** - As recent global and domestic economic events have indicated, performance of any asset or asset class is not guaranteed and can indeed be unpredictable. As a result, there is a risk of loss of the assets we manage as a result of both allocation and the status of the markets when we rebalance.

While all current research, academia and data allow us to understand and map asset classes and their risk and return, there is a risk that they, or our analysis, are wrong and will lead to losses. Additionally, correlations among asset classes may be judged incorrectly, which also may incur risk of loss as diversification may not be properly balanced. Additionally, minor or severe market conditions may significantly drive gains or losses in one asset class over another, causing unexpected losses. There is a risk that rebalancing at any moment in time will not match current market directions, leading to risk of loss.

**Investment Strategies** - We recommend a proper asset allocation based on the Client's personal financial situation. We believe, and studies show that asset allocation is a key component of investment portfolio design. We make asset allocation and investment policy decisions using our best judgment in order to help the Client achieve their overall financial objectives and goals while minimizing risk exposure. We believe that the appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a Client's financial objectives and goals.

The Firm employs fundamental, long-term, buy-and-hold philosophies and approaches in investment selection and implementation strategies. Passively-managed index funds and/or exchange-traded funds typically play a large role as core investments. We recommend specific investments and primarily utilize low-cost, no-load, index investments to design their investment plan.

Recommendations provided are based on publicly available reports, analysis and research materials, computerized asset allocation modeling programs and various industry subscription services (i.e., Morningstar).

**Risk of Loss** - All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. While we believe our investment strategy is designed to potentially produce the highest possible return for a given level of risk, it cannot guarantee that an investment objective or goal will be achieved. Some investment decisions made by us may result in loss, which may include the original principal amount invested. The Client must be able to bear the various risks involved in investing, which may include market risk, liquidity risk, interest rate risk, currency risk or sociopolitical risk, among others. These risks are further defined below:



- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk*: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Sociopolitical Risk*: The impact on the market in response to political and social events such as a terrorist attack, war, pandemic, or elections.
- *Country Risk*: If investing in securities from a single country – even the US – there is a possibility that occurrences could adversely impact the prices of the securities associated with that country. These occurrences could include economic troubles, changes in political structure or leadership, and international trade policies. Although similar to market risk, this risk is isolated to, and therefore solely impacts security prices of, a particular country.
- *Inflation Risk*: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Default Risk*: In times of economic hardship, companies may be unable to pay back creditors, aka bondholders. This risk may be elevated when dealing with companies which have lower credit ratings. It exists when investing both directly in a company, and indirectly through a mutual or exchange-traded fund.

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#### **Item 9 - Disciplinary Information**

We do not have any legal, financial or other “disciplinary” items to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating our Firm and its associated persons.

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#### **Item 10 - Other Financial Industry Activities and Affiliations**

Neither TFP, nor any of its personnel are affiliated with or maintain a material relationship with another financial industry entity. Our policies require that we conduct business activities in a manner that avoids actual or potential conflicts of interest between the Firm, personnel and the Client, or that may otherwise be contrary to law. We will provide disclosure to the Client, prior to and throughout the term of an engagement, of any conflicts of interest which will or may reasonably compromise our impartiality or independence.

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#### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

TFP has adopted a code of ethics that sets forth the basic policies of ethical conduct for all associated persons of the Firm. We accept the obligation not only to comply with the mandates and requirements of all applicable laws and regulation, but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. We will be happy to provide a copy of our code of ethics to any Client or prospective Client, upon request.



Neither TFP, nor any of its personnel are authorized to recommend or effect a transaction for a Client involving any security in which the Firm or a related party has a material financial interest, such as in the capacity as an underwriter or advisor to the issuer.

Personal Trading - Since employee trades are small and typically mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

At times personnel and related parties may hold positions in investments that are also recommended to the Client. We may make recommendations or take actions with respect to investments that may differ in the nature or timing from recommendations made to, or actions taken for, other Clients or personnel. However, at no time will the personnel or any related party receive preferential treatment over the Client.

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## **Item 12 - Brokerage Practices**

Selecting Brokerage Firms - TFP does not have any affiliation with product sales Firms. Specific custodian recommendations are made to Clients based on their need for such services. TFP recommends custodians or outside investment managers based on the proven integrity, financial responsibility of the Firm, the quality and value of services, total costs, ease of use and other factors related to the unique needs of the Client served. The outside investment management fees or transaction costs are exclusive of, and in addition to TFP's Relationship Management, Retainer Service and Investment Management fee. If TFP refers a Client to an outside investment manager and the Client engages them, in some cases TFP will be compensated for its services by receipt of a fee to be paid directly by the investment manager to TFP from the fee collected from the Client (at their authorization). Clients have full authority to select the broker/dealer Firm, custodian or investment manager of his or her choice.

The Firm recommends discount brokerage Firms and trust companies including but not limited to Fidelity, Scottrade, Vanguard, TIAA-CREF and Unified Trust Company, N.A.

The only compensation we receive is in the form of fees paid directly by the Client. Therefore, we do not receive any additional compensation when the Client engages a recommended brokerage Firm or another service provider.

In some cases, TFP will have custody and/or discretion of Client funds or securities. We will not have custody and/or discretion of Client funds or securities for Financial Planning, Hourly, Live Planning Clients. In all cases, TFP gives advice and makes recommendations – but the Client is responsible for the ultimate investment decisions.

TFP has an advisor relationship with Fidelity, TIAA-CREF, Vanguard and Scottrade. In the case of Fidelity & Scottrade, these custodians allow the Firm to offer access to their institutional platforms for the custody of assets that may offer advantages to certain Clients. The Firm does not receive fees or commissions from any of these arrangements, nor does it derive any special benefits beyond tools that enhance the Firm's ability to render quality advice and service.

Best Execution - TFP does not receive any portion of the Client's fees paid to custodians and relies on custodians to provide best execution as stated in their respective contracts. The Firm periodically reviews the reasonableness of custodian fees in relation to the industry.

We do not require or engage in directed brokerage involving our accounts. We recognize our obligation in seeking "best execution" for our Clients; however, it is our belief that the determinative factor is not always the lowest possible cost, but whether the selected service provider's transactions represent the best qualitative execution while also taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates, but that may not correlate to the lowest possible rate for every transaction. We periodically review our policies regarding recommending service providers, in light of our duty to seek "best execution".

Soft Dollars - TFP restricts non-cash compensation (termed "soft dollars") to discounts on products or services that enhance its ability to render quality advice and service to all of its Clients. All Clients benefit from any discounts received as they reduce the Firm's overall overhead. The selection of any particular custodian is not influenced by these potential discounts, if any. Although we may recommend one or more service providers to the Client, we derive no special benefit from doing so, nor do we "pay up" to receive additional services. TFP does not consider, in selecting or recommending a broker-dealer, the

potential for Client referrals from that broker-dealer.

Order Aggregation - TFP always tries to get the best price for the client. For non-mutual fund trades, TFP has in place internal controls and processes to allow contemporaneous trading (submitting TFP or employee orders at the same time as client order) in block or aggregate trades.

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### **Item 13 - Review of Accounts**

Reviews are generally conducted by Melody W. Townsend, CFP®.

Periodic Reviews - Investment Management and Retirement Plan Clients have reviews conducted based on the Client's investment objectives or plan, but no less than annually. More frequent reviews may also be triggered by a change in the Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or changes in macro-economic climate.

In the case of ongoing Retainer Clients, accounts are typically reviewed once or twice per year, depending on the agreed upon services, and may be initiated either by the Client or by the Firm.

In the case of Financial Planning and Hourly Clients, they receive their financial plans and/or recommendations at the time service is completed. Depending on the type of financial planning service requested, Advisor will meet on a regular basis with Clients to discuss any potential changes to their financial plan. Periodic financial reviews are recommended but it is up to the Client to initiate those reviews since our agreement terminates upon delivery of the plan or advice to the Client.

Regular Reports - All Investment Management Clients receive reports as needed, but no less than annually, on representative investments recommended specifically by TFP. Investment Management Clients also receive standard account statements from the custodian of their accounts on a monthly or quarterly basis.

Financial Planning and Hourly Service Clients do not normally receive regular reports from TFP. In the case of Retainer Clients, periodic reviews are conducted once or twice per year (or as often as agreed) and typically consist of a detailed summary of financial assets, a discussion of portfolio performance and recommended changes and supporting documents such as investment portfolio Snapshots. We remind the Client to notify us of any changes to their personal financial situation.

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### **Item 14 - Client Referrals and Other Compensation**

TFP does not receive, nor does it pay, any fees for Client referrals.

Incoming Referrals - TFP has been fortunate to receive many Client referrals over the years. The referrals have come primarily from current Clients, other professionals and from members of the public who have visited the website of the National Association of Personal Financial Advisors, CFP Board and/or Garrett Planning Network and have searched for Firms by utilizing their planner search tools. The Firm does not compensate referring parties for these referrals.

Referrals Out - TFP does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them.

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### **Item 15 - Custody**

In most all cases, qualified custodians such as TD Ameritrade, Vanguard, Valic, Unified Trust Company, etc. holds Clients' accounts. There are Investment Management or Retainer Clients for which TFP has custody because the Firm possess the USER ID and Password for a Client's online access for their bank accounts/investment/retirement accounts because their custodian does not have a separate access available for an outside advisor. The Client is notified via Two-factor authentication when logins occur for TFP to review or rebalance their account(s). In addition, the Client receives e-mail confirmations and account statements directly from their service provider outlining all transactions. The account statements are typically provided on a monthly or quarterly basis or as account transactions occur.

In most Investment Management, Relationship Management or Retainer agreements, the Client will

request that their fee be paid by fee-deduct from their investment portfolio. In these cases, TFP will provide the Client with an itemized fee invoice. TFP urges the Client to review these invoices each period for accuracy.

Account Statements - All assets are held at unaffiliated qualified custodians. The custodians provide account statements directly to Clients at their address of record at least quarterly. Clients who opt to have fees deducted directly from their accounts will see this deduction itemized on their statement.

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#### **Item 16 -Investment Discretion**

Investment Management - Through our custodians, our clients generally provide signed permission to grant TFP on-going and continual discretionary access to their accounts. This discretionary authority allows us to manage Client accounts according to the investment strategies without calling the Client in advance of appropriate transactions. The Firm has the discretion to determine the securities to be bought or sold, amount of securities and the broker or dealer to be used for a purchase or sale of securities for a Client's account. In the cases where we are not given discretion, we must receive permission from the Client to make any trades on a non-discretionary basis or the Client is responsible for executing the trades themselves.

Retirement Plans (ERISA) - Depending on the type of plan and how it is arranged, TFP may or may not have discretionary control of retirement plan assets or their accounts and it is clearly set forth in the plan agreement.

Retainer Service - For non-discretionary Retainer accounts with custodians such as Fidelity, Scottrade, Vanguard or TIAA-CREF for which we've been given access, the Firm consults with the Client prior to each trade to obtain authorization. For discretionary, it would follow the same parameters as above in this same section under Investment Management.

Limited Power of Attorney - In many cases a limited power of attorney is signed. This is a trading authorization for on-going Retainer Clients and Investment Management Clients. Clients sign this form so that the Firm may execute the transactions for the Client. In the case of as-needed Project Clients, a limited power of attorney is not generally sought, and it is the Client's responsibility to execute all trades.

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#### **Item 17 -Voting Client Securities**

TFP does not vote Client securities. The Client will maintain responsibility for directing the manner in which proxies are voted, as well as all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the Client's investments. The Client will receive their proxies and other solicitations directly from the custodian or transfer agent for their investments. Clients are encouraged to vote their own proxies.

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#### **Item 18 - Financial Information**

TFP does not require prepayment of more than \$1,200 in fees per Client six months or more in advance. TFP does not have any financial conditions that would impede the Firm from fulfilling its contractual commitments. Neither TFP nor Melody W. Townsend has ever filed bankruptcy.

# TOWNSEND FINANCIAL PLANNING, LLC

## NOTICE OF PRIVACY PRACTICES

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### Item 19 – Privacy Policy

As an independent financial planning Firm, TOWNSEND FINANCIAL PLANNING, LLC ("TFP") wants you to know that we are committed to safeguarding the confidential information for all current, former and potential Clients. All personal information provided to our Firm is held in the strictest confidence. These records include personal, non-public information we collect from you in connection with any services or potential services provided by TFP. The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We obtain personal information about you from the following sources:

- Applications, questionnaires or other forms
- Discussions with nonaffiliated third parties – CPA, attorney, insurance agent, etc.
- Information about your transactions with us or others
- Tax returns
- Estate planning documents

We use this information to help you meet your personal financial goals.

Townsend Financial Planning, LLC uses your personal information in the following manner:

- We do not sell your personal information to **anyone**. We do not provide your personal information to mailing list vendors or solicitors.
- We restrict access to our records to only those persons who have a need to obtain information in order to deliver advisory or administrative services and only to non-affiliated parties as permitted by law.
- For non-affiliated third parties that require access to your personal information including financial service companies, service providers, consultants, and auditors, we require strict confidentiality in our agreements with them and expect them to keep this information private.
- With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage Firm in order to execute securities transactions on your behalf.
- Federal and state regulators also may review Firm records as permitted under law.
- We will provide notice of changes in our information sharing practices. If, at any time in the future, it is necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change so you will have the opportunity to opt out of such disclosure.
- Personally identifiable information about you will be maintained while you are a Client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We are required by law to deliver this *Privacy Notice* to you annually, in writing.



## **TOWNSEND FINANCIAL PLANNING, LLC**

A Registered Investment Adviser in the State of Kentucky

### ***Disclosure Brochure Supplement - Form ADV Part 2B***

**September 30, 2019**

Main Office: 44 East Main Street, Mt. Sterling, KY 40353  
Meeting Location: 710 East Main Street, Lexington, KY 40502  
Meeting Location: 7508 New LaGrange Road, Suite 6, Louisville, KY 40222  
Main Phone: 859-498-2020  
Lexington Phone: 859-299-2020  
Louisville Phone: 502-630-0707  
Fax: 859-274-4122  
[Melody@TownsendPlanning.com](mailto:Melody@TownsendPlanning.com)  
[www.TownsendPlanning.com](http://www.TownsendPlanning.com)

This brochure supplement provides information about Melody W. Townsend and Harrison Nicholas Bailey that supplements the TOWNSEND FINANCIAL PLANNING, LLC brochure. You should have received a copy of that brochure. Please contact Melody W. Townsend at 859-498-2020 or [Melody@TownsendPlanning.com](mailto:Melody@TownsendPlanning.com) if you did not receive TOWNSEND FINANCIAL PLANNING, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Melody W. Townsend and Harrison Nicholas Bailey is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Melody W. Townsend, CFP®**, born 1979

#### Education

Certified Financial Planner (CFP®) – CFP Board of Standards (2004)

BBA Business Administration: Finance – Morehead State University (2002)

#### Business Background

TOWNSEND FINANCIAL PLANNING, LLC - President (2006-Present)

Unified Trust Company, N.A. – Trust Administrator (2003-2006)

D. Scott Neal, Inc. – Financial Planning Analyst (2001-2003)

#### CFP® Certification Requirements

**Education:** CFP® professionals must develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by CFP Board. Other options for satisfying the education component include submitting a transcript review or previous financial planning-related course work to CFP Board for review and credit or showing the attainment of certain professional designations or academic degrees.

**Examination:** CFP® practitioners must pass a comprehensive two-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. Based on regular research of what planners do, the exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance.

**Experience:** CFP® professionals must have three years' minimum experience in the financial planning process prior to earning the right to use the CFP® certification marks. As a result, CFP® practitioners possess financial counseling skills in addition to financial planning knowledge.

**Ethics:** As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct, known as CFP Board's Code of Ethics and Professional Responsibility that sets forth their ethical responsibilities to the public, Clients and employers. CFP Board also performs a background check during this process, and each individual must disclose any investigations or legal proceedings related to their professional or business conduct.

Once certified, CFP® practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years, they must complete a minimum 30 hours of continuing education to stay current with developments in the financial planning profession and better serve Clients. Two of these hours are spent studying or discussing CFP Board's Code of Ethics or Practice Standards. In addition to the biennial continuing education requirement, all CFP® practitioners voluntarily disclose any public, civil, criminal or disciplinary actions that may have been taken against them during the previous two years as part of the renewal process. Learn more at [www.cfp.net](http://www.cfp.net).

#### Disciplinary Information

Neither TFP, nor any of its personnel have been the subject of a reportable legal or disciplinary event.

#### Other Business Activities

In addition to her position with TFP, Ms. Townsend also holds the elected office of Montgomery County Commissioner for the period 2019 – 2022. This position is non-investment related. Ms. Townsend generally spends less than 25 hours per month to fulfill the duties of this position. Neither TFP, nor any of its personnel are engaged in any other business activities other than noted above.

#### Additional Compensation

Neither TFP nor any of its personnel accept or receive additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to Clients.

#### Supervision

Mrs. Townsend serves as the President of Townsend Financial Planning, LLC, and as such is not subject to additional supervision.

**Harrison Nicholas “Nick” Bailey**, born 1995

#### Education

Series 65 Registered Investment Advisor (2019)

BA Business Administration: Finance – Morehead State University (2017)

#### Business Background

TOWNSEND FINANCIAL PLANNING, LLC – Associate Planner (2016-Present)

#### Disciplinary Information

Neither TFP, nor any of its personnel have been the subject of a reportable legal or disciplinary event.

#### Other Business Activities

None.

#### Additional Compensation

Neither TFP nor any of its personnel accept or receive additional economic benefit (i.e. sales awards or other prizes) for providing advisory services to Clients.

#### Supervision

Mr. Bailey is supervised by Melody W. Townsend, CFP®, President.