



Investment Education Since 1951  
**ORANGE COUNTY CHAPTER**

www.better-investing.org/regions/orange.html  
 chapter e-mail: info@naic-oc.org

INFO. AND MESSAGE LINE:  
**(714) 973-7613**

INVESTMENT EDUCATION  
**Newsletter**

Vol. 7 No. 4  
 4th Quarter 2003

**Tip of the Month:**

*"There is no substitute for informed decision-making. Do your homework and continue to learn."*

**2003 Roundtable Event & Annual Meeting**



Irving Kaplin Award Winner: Maggie Ryan, Presented by Marji Adams

Raffle winners and prizes: Top row – Cynthia Chilcott, Main Street Millionaires & Online Premium Service; Rita Sanglerat, Portfollio Keeper; Manya Mucha, Main Street Millionaires. Bottom row – Lori Gabrielson, Mutual Fund CD; Joan Cacali, Classic Plus Software.

The Annual meeting started off with a bang this year with the Roundtable Event which was very helpful and educational. There were 10 tables and as many subjects taught by our able and knowledgeable instructors: Marji Adams, Marjorie Anderson, Ron Bruyn, Sergio Cabanillas, Sylvia Van Houten, Patrick McCormack, Hugh McManus, SeLina Pierce, Hedda Schnur, Carolyn Thurston, Seymour "Zinc" Zeenkov, Robert Vollmer, and Joyce McClain, our founding president visiting here from Arizona.

The Annual meeting portion, presided over by our president Marji Adams was abbreviated this year and went quickly

and very smoothly. The Irving Kaplin Award was presented to Maggie Ryan. Raffle prize winners were drawn at random from those who filled out evaluation sheets. Books offered at club prices where: Starting & Running a Profitable Investment Club and Better Investing Stock Selection Handbook which were a big hit and sold out early. Due to the overwhelming positive response, we will continue to expand this format for future events.



Linda Blay,  
 1st Vice President



**President's Message**



Marji Adams, President

As our 2003 fiscal year draws to a close, it seems appropriate to reflect on the year's events and thank those who have worked so hard to ensure our Chapter's continued success.

Taking on the presidency last year, I knew I would have to depend on my fellow directors, associate directors and volunteers to make the year successful. They came through in spades!

First VP, Linda Blay, has been my right hand. Working both behind the scenes and in the foreground, Linda serves as our Registrar; helps conduct the monthly CUG meetings; has organized our Annual Meeting and Round Table Discussions; is coordinating a Regional Meeting next Spring...and much more. A huge thank you, Linda!

Second VP, Marjorie Anderson, is our Membership Chair; conducts club visits; is this year's Nominating Chair and, basically, steps in wherever and whenever we need her. Margie, you're wonderful, thank you.

Secretary, Sylvia Van Houten, rarely skips a beat. In addition to keeping her pen to the paper during our monthly board meetings, she teaches SSG1, has helped formulate a mini-workshop on Applying Judgment to the SSG and, generally, brightens our meetings. Thank you, Sylvia!

If Linda Blay is my right hand, Maggie Ryan, Treasurer, is my left hand! Into

*continued on page 2*

*President's message - from page 1*

her fourth year as treasurer, Maggie pays all the chapter's bills; chairs the annual Budget Committee; reports our financials regularly to NAIC National; helps secure meeting places; buys lunches for our workshop instructors and, generally, keeps us all in line. We appreciate your diligence, Maggie!

Ron Bruyn, VP of Computer Technology, has made the monthly, Computer User Group meeting a standing-room-only event. Best of all, these informative, interactive meetings are free to NAIC members! As PERT instructor, Ron has helped many of us take our knowledge to a new level. Thanks, Ron!

VP of Education, SeLina Pierce, continues to ensure that our offerings of high-quality, bi-monthly workshops are scheduled, staffed and advertised.

Always one of the favorite instructors, SeLina is an invaluable member of the education team! As always, SeLina... thank you!

Lynn Kozlowski, VP of Marketing, and Associate Director, Mary Sprague, are responsible for the high quality of the newsletter you hold in your hand. Take time to appreciate how professional it looks! Lynn and Mary, along with associate director, Linda Brown, are responsible for providing all our marketing materials and needs, including submitting information to Better Investing. Aren't we lucky to have them?

VP of Materials and Equipment, Edwin Smith, may have the most behind-the-scenes job of all. Storing, inventorying and ensuring adequate supplies are Edwin's responsibility. While not a glamorous job, it is truly critical to our operation. Edwin, we so appreciate your continued help!

Toolkit instructors, Patrick McCormack and Sergio Cabanillas, have been responsible for revamping and shortening the workshop, while adding the Toolkit lab. Both changes are extremely popular!

Hedda Schnur and Karen Petelin have trained diligently under the careful tutelage Margaret Rose, to become our new Club Accounting experts. They have graciously used their expertise to help club treasurers who may be struggling with a problem.

Helen Olson, our Value Line expert, not only teaches how to get the most out of Value Line, but also how to use it and the SSG to evaluate financial institutions. Not so easy for some of us!

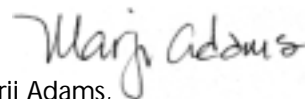
Directors at large, Jim Todd and Pat Frostholm, continue to lend their expertise, where needed. Regulars at our board meetings and workshops, their broad knowledge and gentle suggestions are often timely and helpful.

Newly reappointed as Associate Directors, Robert Vollmer and Lucy Walther are continuing to support our mission through teaching workshops and conducting club visits, when needed. Our faithful volunteer, Mary Jo Woodward, continues to ensure our monthly board meetings are well attended. Reserving our meeting room and contacting each participant as a gentle reminder, has helped ensure our meetings are productive and efficient. Our newest volunteer, Ray Bhikha, has

stepped right in and become a huge help at our Saturday workshops. Helping with set-up and registration, we are grateful for Ray's involvement.

As you might imagine, the unfailing support and hard work of all has made my inaugural year as President a very rewarding one. I feel so fortunate to work side-by-side with these dedicated individuals...but even luckier to consider each of them my friend. Thank you, my friends!

Warmly,



Marji Adams,  
President NAIC Orange County

## **INVESTOR'S TOOLKIT 4 AND THE STOCK CHECK LIST**

*by Irving Roth, Investware Senior Support Specialist*

For the beginning investor, the novice, the Stock Check List is the perfect place to start learning how to prepare and use NAIC's Stock Selection Guide. Toolkit 4's Stock Check List provides a tutorial that guides you through the Stock Check List in a fashion easy to understand and follow.

It will introduce you to the concept of comparing current and historical sales and earnings per share data and how to calculate their growth. It will guide you through all of the aspects of completing a stock study culminating with the conclusion whether the current price of the stock is acceptable or not.

With Toolkit 4 open simply click the Check List button. The opening screen will allow you to select from what source you'll be acquiring the data.

The first button, "Open a company that was previously saved in Toolkit 4", will open the Stock Library Panel allowing you to select from that list. A double click on the desired company, or highlighting it and then clicking on OPEN, will open that company in the SCL.

The second button, "Manual Data Entry from a data source such as Value Line or S&P Stock Reports, will expose the first page of the SCL into which you will enter the data manually.

A click on the third button of the "Acquire Data" panel, "Use Subscribed Data Files", will allow for the electronic import of data from a source such as the NAIC Online Premium Service.

The next button, "Import a data file located on a floppy disk or in a folder on my computer", allows for the importing of data sent to you by a fellow club member.

The last button, "Search the Internet for the Data", brings up the screen allowing for the import of data from the 3 NAIC sites.

You'll notice that on all of the SCL screens, on the right, a tutorial is exposed walking you through the process of completing the Stock Check List.

The navigational bar at the top of this panel will allow you to go back one screen, ahead to the next screen, save your study, print it, or access additional help. The Help command is context-sensitive providing help for whatever screen is open at the moment.

Another convenient feature is the ability to adjust the window size. To adjust the sizes of the window simply place your cursor on the edge of the window. A double-sided arrow will appear. Hold down the left side of the mouse and drag the window to the desired size.



Investment Education Since 1951  
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# INVESTMENT EDUCATION Class Schedule

— 2004 —  
 CALENDAR

Please note: classes are divided into 4 sections  
 ● Beginning – ■ Intermediate – ▲ Advanced  
 \* General Interest (see back for descriptions)

INFORMATION LINE  
 (714) 973-7613

2004

**January**

1 2 3  
 4 5 6 7 8 9 10  
 11 12 13 14 15 16 17  
 18 19 20 21 22 23 24  
 25 26 27 28 29 30 31

**February**

1 2 3 4 5 6 7  
 8 9 10 11 12 13 14  
 15 16 17 18 19 20 21  
 22 23 24 25 26 27 28  
 29

**March**

1 2 3 4 5 6  
 7 8 9 10 11 12 13  
 14 15 16 17 18 19 20  
 21 22 23 24 25 26 27  
 28 29 30 31

**May**

1  
 2 3 4 5 6 7 8  
 9 10 11 12 13 14 15  
 16 17 18 19 20 21 22  
 23 24 25 26 27 28 29  
 30 31

**September**

1 2 3 4  
 5 6 7 8 9 10 11  
 12 13 14 15 16 17 18  
 19 20 21 22 23 24 25  
 26 27 28 29 30

**November**

1 2 3 4 5 6  
 7 8 9 10 11 12 13  
 14 15 16 17 18 19 20  
 21 22 23 24 25 26 27  
 28 29 30 31

**January 24** price /walkins

- Stock Selection Guide 1 \$35 / \$45
- ▲ SSG by Computer: Introduction to Toolkit (8:30 AM-12:30) (Free LAB with sign-up. See course outlines for information) \$45 / \$55
- ▲ Toolkit LAB 1:30 – 3:00 p.m. \$15
- Club Accounting – Year End \$45 / \$55

**February 28** price /walkins

- Club Accounting – Year End \$45 / \$55

**March 27** price /walkins

- Stock Selection Guide 1 \$35 / \$45
- \* Introduction to Mutual Funds \$35 / \$45
- ▲ PERT (Portfolio Evaluation Review Technique) \$35 / \$45
- \* Club Accounting for Newbies \$45 / \$55

**May 22** price /walkins

- Stock Selection Guide 1 \$35 / \$45
- Stock Selection Guide 2 \$35 / \$45
- ▲ SSG by Computer: Introduction to Toolkit (8:30 AM-12:30) (Free LAB with sign-up. See course outlines for information) \$45 / \$55
- ▲ Toolkit LAB 1:30 – 3:00 p.m. \$15
- \* Club Accounting for Newbies \$45 / \$55

**September 25** price /walkins

- Stock Selection Guide 1 \$35 / \$45
- Stock Selection Guide 2 \$35 / \$45
- \* How to Start and Manage an Investment Club \$35 / \$45
- Understanding Financial Reports (8:30 AM – 12:30) \$35 / \$45
- \* Introduction to Mutual Funds \$35 / \$45
- \* Club Accounting for Newbies \$45 / \$55
- SSG for Financial Institutions \$35 / \$45

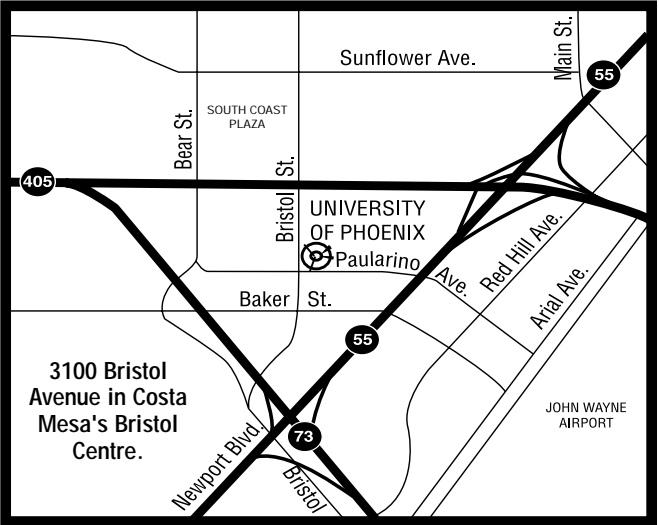
**November 20** price /walkins

- Stock Selection Guide 1 \$35 / \$45
- ▲ SSG by Computer: Introduction to Toolkit (8:30 AM-12:30) (Free LAB with sign-up. See course outlines for information) \$45 / \$55
- ▲ Toolkit LAB 1:30 – 3:00 p.m. \$15
- \* Finding Value in Value Line \$35 / \$45
- Club Accounting – Year End \$45 / \$55

**SEMINARS SERIES**

- **FINANCIAL WORKSHOP FOR INDIVIDUAL INVESTORS**  
 5 Sessions—Feb. 5, 10, 19, 24 & Mar. 4  
 or 5 Sessions – Aug. 30, Sept. 6, 13, 20 & 27  
 \$129\* class 6:00–9:00 PM
- \* **INTRODUCTION TO THE STOCK MARKET WORKSHOP**  
 3 Sessions —Apr. 26, May 3 & 10  
 or 3 Sessions, Nov. 4, 8, & 18  
 \$99\* class 6:00–9:00 PM

Presented by Lucy Walther, M.M.  
**Hof's Hut**  
 18850 Douglas Drive, Irvine, CA  
 \* Meals additional  
 For more information call: (714) 973-7613



Workshops require pre-registration. See back for course outlines. Registration forms must be postmarked 10 days before the workshop date. If you'd like confirmation, please enclose a SASE. If a class is full, your registration will be returned to you. Walk-in attendees (anyone not registered 10 days prior to the event) will be accepted for an additional fee of \$10, if space is available. Please mail registration along with your check payable to: NAIC-OC, PO Box 7005, Orange, CA 92863-7005. Non-NAIC members, please add an additional \$5 fee per workshop.

Class Time: 8:30 AM to 3:30 PM unless otherwise stated (Please arrive at 7:45 AM for registration)  
 Location: Unless otherwise noted, all workshops will be held at the University of Phoenix. (see map)

Call (714) 973-7613 for more information or email: [reg@naic-oc.org](mailto:reg@naic-oc.org)

# COURSE OUTLINES

## How to Start and Manage an Investment Club \*

Instructor(s): Lucy Walther, M.M., A.A.M.S., Registered Representative

Duration/Offered: Four hours — September

Materials: Outline handout

Description: A comprehensive course outlining how to develop partnership agreement and bylaws; establishing a monthly agenda and annual calendar, goals and objectives, etc. Addresses challenging issues of how to add new members as well as how to ensure full participation and support by all members.

## Introduction to the Stock Market \*

Instructor(s): Lucy Walther, M.M., A.A.M.S., Registered Representative

Duration/Offered: Class Series — three consecutive weeks in the months of April & November

Location: Hof's Hut Restaurant, 18850 Douglas Drive, Irvine, CA

Across the street from John Wayne Airport (949) 752-7155 for directions

Materials: Textbook: The NY Institute of Finance Guide to Investing, course outline and handouts

Description: A comprehensive overview of the role of stock, the various ways stocks can be packaged, features of stocks, history of the exchange, taking a company public, how trades are executed, when to sell, dollar cost averaging and techniques for evaluating firms, including P/E ratios, Beta, Relative Value and Return on Equity.

Session 1: Foundations and Asset Allocation of Stocks

Session 2: There is More Than One Exchange • Taking a Company Public • The IPO

Session 3: Evaluation and Measurement Techniques

## Understanding Financial Reports ■

Instructor(s): Ron Bruyn, MBA

Duration/Offered: 8:30 AM - 12:30 — September

Prerequisite: Completion of SSG1 workshop

Materials: none

Description: Financial statements are the universally accepted tool for analysis of a business entity. Properly understood, they let us know how good a company looks and how well it has been doing. The financial statements of a business consist of three separate but interrelated reports. The purpose of financial statements is to provide the user with a set of data that, in summary form, fairly represents the financial strength and performance of a business.



## STOCK SELECTION GUIDE WORKSHOPS

### SSG 1 ●

Instructor(s): Helen Olson, Ph.D.; Marji Adams, MBA; SeLina Pierce, Registered Representative Syla Van Houten and Karen Petellin

Duration/Offered: Six hours in January, March, May, September & November

Prerequisite: Read chapter 7-10 of the official guide (Starting and Running a Profitable Investment Club) on the SSG prior to attending.

Materials: Official Guide, Calculator, Ruler, Colored Pencils, Highlighter

Description: Learn the basic investment strategy Stock Selection Guide and use it as the primary tool for analyzing, evaluating and acquiring good stocks.

### SSG 2 Adding Judgment and Outside Tools to SSG ■

Instructor(s): Marji Adams, MBA

Duration/Offered: Six hours — May & September

Prerequisite: Completion of SSG1 workshop and must be able to complete an SSG independently

Materials: Calculator and Highlighter

Description: Learn beyond basic investment strategy and how to select the best company in an industry. Apply judgment to the SSG; understand a company's financial statement; calculate essential financial ratios; evaluate and compare the financial strength of several companies within an industry.

### SSG by Computer / Introduction to Toolkit 4.0 & LAB ▲

Instructor(s): Patrick McCormack, Ron Bruyn, MBA & Sergio Cabanillas

Duration/Offered: 8:30 AM to 12:30 PM (\$45) & 1:30 -3:30 PM (Lab is free to those who sign up for the Toolkit and \$15 to others) — Jan., May & Nov.

Prerequisite: Stock Selection Guide workshop SSG 1

Materials: None

Description: Learn SSB module and view other modules of Toolkit 4.0 software. Methods of data entry will be discussed including manual entry and the use of the Online Premium Service. The mechanics of the application of judgment will be discussed.

### SSG for Financial Institutions ■

Instructor(s): Helen M. Olson, Ph.D.

Duration/Offered: Six hours — September

Prerequisite: Completion of SSG1 workshop

Materials: Calculator, pens, colored pencils, ruler, highlighter

Description: Learn the NAIC investments principals and tools for evaluating financial stocks. Differentiate between the Thrift, the Bank, and the Financial Services industries. Discover what information from Value Line is useful for these industries and how to evaluate Financial Institutions using the SSG.

## Club Accounting for Newbies \*

Instructor(s): Margaret Rose, Tax Preparer, FLMI, Treasurer, Hedda Schnur, and Sergio Cabanillas

Duration/Offered: Six hours — March, May, September

Materials: Handout

Intended audience: Club Treasurers

Description: Learn how to use software beginning to end, including some discussion of year-end reports. Software will be demonstrated with minimal entry of data and explanation of various various reports, including NAIC required records.

## Club Accounting – Year End ■

Instructor(s): Margaret Rose, Tax Preparer, FLMI, Treasurer, Hedda Schnur, and Sergio Cabanillas

Duration/Offered: Six hours — January, February, November

Prerequisite: Working knowledge of the Club Accounting software

Materials: Handout

Intended audience: Club Treasurers

Description: Review tax-filing requirements for clubs and individuals and explanation of year end accounting procedures for IRS and FTB565 with review of Club Accounting software, 1065 and K1.

## Introduction to Mutual Funds \*

Instructor(s): Marji Adams, MBA; and Robert Vollmer

Duration/Offered: Six hours — March & September

Materials: NAIC Mutual Fund Handbook, calculator, pens, pencils

Intended audience: Individuals who wish to learn the NAIC investments principles and tools for evaluating mutual funds for investment.

Description: Learn about the various types of mutual funds, how they are managed, and how fees and expenses are charged.

Learn how to use Morning Star Mutual Fund Reports and the new NAIC Mutual Funds Checklist and Comparison Guides to evaluate mutual funds for investment.

## Finding Value in Value Line \*

Instructor(s): Helen Olson, Ph.D.

Duration/Offered: Six hours — November

Materials: Pen, highlighters

Intended audience: Beginner to intermediate investors wishing to learn how to get the most from the Value Line publication.

Description: A comprehensive overview of Value Line including: Summary & Index Selection & Opinion, Ratings & Reports, stock screens and ranking system. This course will help participants to understand the Value line industry page, stock page, company financial data and the basics for completing the SSG.

## Financial Workshop for Individual Investors ■

Instructor(s): Lucy Walther, M.M., A.A.M.S., Registered Representative

Duration/Offered: Class Series (2-1/2 hrs. each session, Total 12 1/2 hours)

(Five consecutive Thursdays) Offered in February and September

Location: Hof's Hut Restaurant, 18850 Douglas Drive, Irvine, CA

Across the street from John Wayne Airport (949) 752-7155 for directions

Prerequisite: "Introduction to the Stock Market Workshop"

Materials: Textbook: Financial Workshop for Individual Investors Manual, Course outline and Handouts

Intended audience: Individual investors and club member who want to extend their knowledge of investing techniques beyond individual stocks, including options for tax deferred, retirement and estate planning.

Description: A comprehensive overview of portfolio allocation and risk management using most of the financial tools available, including stocks, bonds, mutual funds, unit investment trusts, variable annuities, and various insurance products.

Session 1: Foundations and Asset Allocation

Session 2: Fixed Income Investments

Session 3: Common Stock Fundamentals

Session 4: Tax Deferred and Retirement Planning

Session 5: Risk Management and Estate Planning

## PERT (Portfolio Evaluation Review Technique) ▲

Instructor: Ron Bruyn, MBA

Duration/Offered: Four hours—March

Prerequisite: Toolkit, SSG 1 and SSG 2 workshops

Materials: None

Intended audience: Individuals who wish to monitor their stock by using the PERT feature of the Toolkit software.

Description: PERT gives information on the company's sales, pre-tax profit and earnings per share on a quarterly basis. It may uncover fundamental problems that appear to be of long-term significance.

## PREREQUISITES DEFINED:

● Beginning — Basic classes, no prerequisites

■ Intermediate — Basic classes are required

▲ Advanced — Beginning and intermediated classes required

\* General Interest — Specialty classes - open to any level

## Class Registration, Enrollment Policy & Procedures

We are pleased to provide you with the following formalized policy and procedures to facilitate class registration and enrollment. The Registration Desk, Materials Desk and all other positions filled by the NAIC Orange County Board and volunteers are not paid positions. Thus, it is through the generous giving of their time and talents that classes are made available to the 5,000 NAIC members in Orange County.

**Class Dates and Times:** Regular NAIC Orange County workshops are held the fourth Saturday of each month, with certain exceptions for holidays. Please consult the course outline for specific dates.

Registration begins at 7:45 a.m., with most classes starting by 8:30 a.m. Half day classes normally conclude by 12:30 p.m. Full day classes normally conclude by 3:30 p.m.

Multi-session evening workshops are normally scheduled on an availability basis and unique to the particular course being offered. Currently, two such workshops are offered, Introduction the Stock Market and Financial Workshop to Individual Investors. These workshops normally begin at 6:00 p.m. for dinner, with class starting at 6:30 p.m. and concluding by 9:00 p.m.

**Private Workshops:** Certain workshops are available on a private basis for clubs (combined with spouses and friends if necessary) with a minimum of 15 attendees guaranteed. Dates and times established between your club and the instructor. Please contact the chapter president at: [president@naic-oc.org](mailto:president@naic-oc.org) for information about scheduling a private workshop for you club.

**Class locations:** Saturday workshops are regularly held at the University of Phoenix, 3100 Bristol Ave., Costa Mesa's Bristol Centre. Check the University monitor to identify the building and floor where classes are being offered.

Evening workshops are normally held at Hof's Hut Restaurant (across from John Wayne Airport), 18850 Douglas Drive, Irvine, CA 92612. Phone 949-752-7155 for directions. The workshops are normally held in the Garden Room, at the back of the restaurant.

**Registration Cut Off:** The cut off for receipt of course registration and payments is 10 days postmarked prior to the date of the workshop

**Payment and Mailing Address:** Make check payable to "NAIC Orange County". Cash payment is not allowed by mail or in person at the workshop. All payments

should be mailed to NAIC Orange County, P.O. Box 7005, Orange, CA 92863-7005. The class title and date you are requesting should be noted on the memo line of your check. Your home and work telephone numbers should be clearly marked on your registration form.

**INFO Line and Website Information:** The NAIC Orange County website address is [www.better-investing.org/regions/orange.html](http://www.better-investing.org/regions/orange.html). Information is available regarding classes, locations of workshops etc. In addition, to check specifics of classes and registration information, you may call the NAIC OC INFO Line at (714) 973-7613. There is no operator on duty. You may leave a message for the appropriate Board member to call you back if you need additional help.

**Group Registration:** Multiple registration requests for members of the same club, or friends must be mailed together in one envelope. Every effort will be made to include all individuals in the same class who register at the same time.

**Registration Confirmation:** No confirmation will be mailed. If you would like confirmation, please include a self addressed stamped envelope with your registration.

**Filled Classes:** The standard class room size is 25 students with 5 additional allowed for walk-ins. If a class is deemed full upon receipt of your registration form your registration will be confirmed for the next available class offering.

**Walk-ins and Late Registrations:** Every effort is made to accommodate walk-ins to the maximum capacity of the class. Walk-ins (anyone not registered 10 days before the event) will be charged an additional \$10 over the standard course registration fee.

**Late Payment:** If you are not listed on the class roster and thus no record of your registration of payment has been recognized by the class date, you will be required to pay the walk-in rate. If on later examination, your original payment is received. it will be returned to you by mail.

**Incorrect Class Payment:** You will be contacted by telephone if the payment for your class is incorrect. You will have the opportunity to maintain your position in the class provided the balance is forwarded to NAIC prior to the class. Any overpayment for a class will be refunded automatically, but should be requested in writing to the NAIC OC Treasurer if it has not been received within 30 days.

**Refunds and Returned Checks:** Refunds and transfer requests will only be accepted in writing and postmarked 10 days prior to the workshop. However, you may apply your

payment to one of the next two future class offerings or transfer the credit to another member of your club or friend. A \$25 charge will be assessed any student whose check is returned for insufficient funds.

**Class Prerequisites:** Students are responsible for taking all prerequisites for each class.

**Refreshments:** Coffee and pastries are provided the morning of each class. lunch is not included in the cost of class. multi-session evening workshops may include dinner. Consult the course outline of the class flyer for further information.

**Preparing for Class:** Clothing for class should be appropriate and layered to accommodate a particularly warm or cold classroom any given month. Pens, pencils, paper, calculators, erasers, colored pencils, highlighters and ruler are required for most classes. Bottled water and other cold drinks may be brought to class, as they will not be available otherwise.

**Check-In:** The Registration Desk normally opens at 7:45 a.m. and is manned by members of the NAIC Board and volunteers. Classes are identified appropriately for check in purposes. When you have checked in and your attendance documented, you will be provided a name tag and assigned to a specific classroom. In some cases multiple sessions of the same class may be offered on the same morning. Carefully check your classroom number to be sure you are in the correct room.

**Class sign-In:** Once in the classroom the instructor will request all attendees to complete a sign-in roster. The roster will be compared to a count of all attendees in the class. If a discrepancy exists, the instructor will request a call out for all to confirm they have signed in. The roster will be compared to the names registered for the class and payments received. If someone is attending a class for who no registration or confirmation is documented, the student will be asked to temporarily leave the class to reconcile the registration and payment. The student will be directed to speak to the V.P. of Registration and Enrollment.

**Registering Complaints:** Although every effort is made to provide for a smooth and efficient class check in, etc., problems are a natural part of any large scale event. Regardless of the circumstances we expect and appreciate your patience and courteous interaction with the Board members and other volunteers supporting the event. Any complaints or concerns should be directed to the NAIC Orange County President, at the NAIC Orange County post office box.

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NAIC is a non-profit, tax-exempt organization whose membership consists of investment clubs and individual investors. NAIC was founded in 1951 with a mission to provide a program of sound investment information; education and support that helps create successful, lifetime investors. NAIC's programs, services and products are designed to help individuals of all knowledge levels to become successful, long-term investors. NAIC members investment portfolios have consistently outperformed market averages. NAIC has provided investment education to more than five million individuals and is a charter member of the World Federation of Investors, providing investment education in over 17 countries worldwide.

## Private Workshops:

Certain workshops are available on a private basis for clubs (spouses and friends are welcome) with a minimum of 15 attendees guaranteed. Dates and times are established between your club and the instructor. For more information, please contact: Marji Adams at: (714) 973-7613.

## Do you know who your club contact is?

Does that person forward information to all club members? When paying your annual dues, it is important to fill in the club contact information on the form because they will be the only person receiving some messages sent to your club. If you need to change your club contact after you've sent in your annual renewal dues, contact NAIC at (877) 275-6242.

## NEW CLASS – 9/25/2004

### UNDERSTANDING FINANCIAL REPORTS

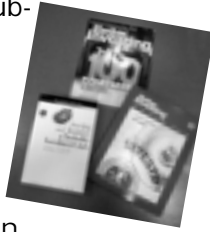
*Taught by Ron Bruyn, MBA*

Financial statements are the universally accepted tool for analysis of a business entity. Properly understood, they let us know how good a company looks and how well it has been doing. The financial statements of a business consist of three separate but interrelated reports. The purpose of financial statements is to provide the user with a set of data that, in summary form, fairly represents the financial strength and performance of a business.

## New NAIC Book Series.

*by Patrick McCormack*

The NAIC Product Development Committee is producing a Better Investing Book Series. These will include topics of interest for all levels of investment experience. Some are revisions of existing publications while others are totally new.



NAIC Official Guide – Introduction to Successful Investing (Revision)

NAIC Stock Selection Handbook (New)

Investment Club Operations Handbook (New)

Investing For Life – Youth Handbook (New)

NAIC Mutual Fund Handbook (Revision)

Computerized Investing & The Internet (New)

Investment Club Accounting Handbook (New)

Using Portfolio Management Wisdom Handbook (New)

Official Guide – Introduction to Successful Investing Available now (\$15.00 Members, \$20.00 Non-members)

These books will start to become available through the rest of the year and into 2004.

Specific books will be included in new membership kits and will also be offered as renewal bonuses.

Go to <http://store.yahoo.com/betterinvesting/educational-tools.html> to see what's available.

## Computer User's Group

The Computer User's Group is a group of NAIC members who meet once a month to discuss Better Investing's current Stock to Study. They come together to try and find answers to problems they encountered when doing their Stock Selection Guide using Toolkit. It's a group of "members helping members". Ron Bruyn and Linda Blay lead the group and they welcome any NAIC member who would like to attend. This meeting is for the beginner as well as the more advanced investor. There is no charge for the group and there are optional handouts available for a fee of \$2. The upcoming meetings will be held at the Rancho Santiago Community College District office, 2323 N. Broadway, Santa Ana. Future meetings are scheduled for January 27, 2004, February 24, 2004 and March 23, 2004 from 6:30 p.m. to 7:30 p.m. For more information, please email [reg@naic-oc.org](mailto:reg@naic-oc.org) or call (714) 973-7613 to leave a message.

If you would like to schedule a club visit, mini-workshop or private club workshop, please call (714) 973-7613 or email [president@naic-oc.org](mailto:president@naic-oc.org).

NOTICE: Our 2004 classes have moved to the University of Phoenix in Costa Mesa. Please see map on the Class Schedule.

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Make your check payable to NAIC-OC, P. O. Box 7005, Orange, CA 92863-7005  
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WORKSHOPS, EVENTS, ETC. "SUBJECT TO CHANGE"

PLEASE CALL NAIC ORANGE COUNTY CHAPTER (714) 973-7613 or E-Mail: [reg@naic-oc.org](mailto:reg@naic-oc.org)

NOTE: All registration forms must be postmarked 10 days prior to workshop date or must include an additional \$10. For written confirmation please send a self-addressed stamped envelope with your payment.

## TIPS ON WHEN TO SELL

by Sergio Cabanillas, NAIC Director

When to sell continues to be the least addressed question by individual investors and investment clubs. Yet, the recent history of stock investing, from boom to bust, strongly suggests a serious effort is needed to reach a better understanding. Let's look at several reasons on when to sell or when not to sell.

### REASONS TO SELL:

- Adverse management change.
- Declining profit margins.
- Deteriorating corporate financial condition.
- Competition is affecting profits.
- Dependence on a single product.
- If a stock's quality will change as economic circumstances change.
- If securities that have proven to be cyclical and that have a recent history of low growth should be sold when the economy peaks.
- To maintain balance by company size in your portfolio.

### REASONS NOT TO SELL:

- Just because the price hasn't moved.
- Because of a paper loss.
- Because of a paper profit.
- Due to temporary bad news.
- Just to take action.
- Don't sell a stock that has fallen so far that your remaining downside risk is minimal compared to the upside potential.

A valuable source to continue learning about selling is the August 2003 edition of Better Investing Magazine. There you will find referenced on-line links as well as books for more of an in-depth study. We have just scratched the surface. How much more you are willing to explore is up to you.

However, reviewing the reasons why you bought the stock in the first place will mean revisiting the SSG for a thorough discussion with your investment club. I suggest that at least two, if not all the members of your club, should have a working knowledge of PERT. Remember that all NAIC tools and instruments are GUIDES TO JUDGMENT. Selling is not a formula. We must make the final decisions ourselves.

## THE TAX CUTS: WHAT DO THEY MEAN FOR YOUR CLUB?

by Matt Stoller, ICLUBcentral Inc.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 has important implications for investors in equity markets, including investment clubs. This article focuses on what the bill means for your club in 2003, though the bill is also slated to impact capital gains rates and dividend tax rates over the next ten years.

Investment clubs are what accountants call "pass-through entities." This means that clubs don't pay taxes themselves (although they are required to file informational tax returns every year). Instead, any tax consequences of activity in the club are "passed through" to its members. So, with respect to the tax cuts that took place in this year, the change in the amount of taxes you owe will show up in cash on the individual tax forms of club members.

The good news: The tax act altered the percentage owed on capital gains transactions for stocks owned for more than one year, plus lowered the tax rates for certain types of dividends. In other words, you and your fellow club members (and all investors) will pay less in taxes.

The bad news: Tax filings will get more complicated this year. For instance, the Five Year Capital Gains category disappeared for transactions after May 5, 2003. Dividend from common stocks held more than sixty consecutive days become "qualifying dividends" (which means they qualify for lower tax rates) funds, investment trusts, and other entities are considered "qualifying", although it is the responsibility of the individual REITs and funds to notify their shareholders how much is "qualifying" and how much is "non-qualifying."

In sum, the tax act creates some changes in the way your club keeps its books, and these changes will need to be reflected in your accounting software program. The new Federal Tax Forms, including the Form 1065 for partnerships such as investment clubs, will reflect these and other changes. There's also more good news: As in the past, all investment clubs with a current ICLUBcentral Support Agreement will get the tax law update to their software for free. See the following article for further details.

## THE TAX CUTS: HOW YOUR CLUB CAN PREPARE

by Bryce Klempner, ICLUBcentral, Inc.

The changes in tax law which Matt describes, mean your club members will pay less in taxes this year. They also mean that your NAIC Club Accounting software needs to be updated to reflect the new rules. The single most important step your club can take right now is to make sure that your club accounting Support Agreement is current. A Support contract brings with it free updates to keep your club's software in compliance with tax law. Clubs that have current Support contracts will have free access to the forthcoming software update to make the club accounting software compatible with the new tax laws. This update will also make their software compatible with the 2003 federal and state tax printers. Clubs that do not have this update will not be able to file taxes properly. So, remember to make sure that your club's Support Agreement is current. To renew, visit [www.iclub.com/support/buy](http://www.iclub.com/support/buy) or call NAIC toll-free at 1-877-275-6242, ext. 0.



Greetings to all active investment clubs and those who terminated the partnership agreement this year. Once again it is year-end and time for the annual distribution report and balance sheet with income statement.

Have your audit committee perform their annual review after you close the books for 2003. Then complete the IRS filing on form 1065 and the form 565 for the Franchise Tax Board. Help is available.

The NAIC will offer your tax printer for this 2003 year. Also, if you are not acquainted with this responsibility, the chapter workshop and the websites [www.irs.gov](http://www.irs.gov) and [www.ftb.ca.gov](http://www.ftb.ca.gov) may be helpful.

Our Iclub members using NOCA for their records have the same help for this annual responsibility. Let us know if you have questions at [acctg@naic-oc.org](mailto:acctg@naic-oc.org).



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*Please see map on the Class Schedule.*

Save the Date  
**JAN. 24**  
**FEB. 28**  
**CLUB ACCOUNTING YEAR-END**

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