

FAQs for Individuals in the Find-A-Club Program

What is the process for finding a BetterInvesting Club that is accepting visitors or new members?

First enroll in the program by calling or emailing BetterInvesting at 877-275-6242, Option 7 or email findaclub@betterinvesting.org. You will need to provide some information, such as your address, any club gender preference (many clubs are all female or all male), and the maximum monthly investment you are willing to make. You will be emailed club contact name(s), phone number(s) and/or email address of club(s) in your area that most closely match your requirements. We suggest you contact the club and ask for general background information about the club and schedule a visit. You may wish to review items on [What Makes a Good Club Checklist](#) or these FAQs with your contact in advance of the first meeting. BetterInvesting suggests you attend at least 3 meetings of a club before you consider joining.

I'm not a BetterInvesting member; do I have to join BetterInvesting in order to visit a club?

No - any individual can use the program to find a club. If you join a club, you are expected to become a member of BetterInvesting right away. While we want you to become a member, more importantly we want you to learn about investment clubs and understand the importance of learning about investing. Only BetterInvesting clubs can join the Find-A-Club program and they agree that any new members accepted will become members, as well. We encourage you to begin receiving educational information right away by enrolling as an individual member of BetterInvesting; if you decide to join a club, your membership can be converted to club member status. The sooner you begin receiving BetterInvesting magazine and utilizing other educational materials, the sooner you will begin taking control of your financial future.

Will I be able to find a club that meets close to my home (or office)? Will I have more than one club location to choose from?

When you call or email BetterInvesting with your address, a Member Service Representative will be able to tell you about clubs in your zip code area or city. The Find-A-Club program launched in late February, 2006 and it will take some time for clubs to enroll in this program, so please be patient. If you leave your name and other pertinent information with BetterInvesting Member Services, they will contact you when a club enrolls in your area.

What should I be looking for in a club?

Glad you asked! See the [What Makes A Good Club Checklist?](#) for good questions you may want to ask clubs you visit. Of course, you may have many questions of your own to add to this checklist.

Why aren't there any clubs close to me?

The Find-A-Club program launched in late February, 2006. It will take some time for word to spread about the program. Clubs in the Pilot Chapter areas received information about the program through the mail in early March and will need to meet as a club to decide about participating in the program. And clubs typically meet only once a month. Then they will need to submit some forms and a copy of their governing partnership agreements to BetterInvesting before being accepted into the Find-A-Club program. So it can easily take a few weeks before a club decides to join the database and perhaps longer to complete the necessary paperwork. Be patient and give your name and contact information to Member Services at BetterInvesting; they will contact you when a club in your area applies for the program.

Who do I talk to about this investing stuff? Is there a local source I can turn to for information about clubs or should I direct all my questions to BetterInvesting Headquarters in Michigan?

There are 95 local Chapters of BetterInvesting located through the U.S. These Chapters are composed entirely of volunteers and many are either experienced investors or teach BetterInvesting classes at a local, regional or national basis. Go to <http://www.betterinvesting.org/chapter/chapterlisting.html> to locate a Chapter near you. Or course you can always contact Headquarters with your questions toll free at 877-275-6242, Option 7, or send an email to findaclub@betterinvesting.org or visit our website at <http://www.betterinvesting.org/>

What can I assume about listing clubs?

All clubs you are given to contact are members of BetterInvesting. All clubs participating in the Find-A-Club program certify that all members are active in selecting stocks to buy or sell, that the club meets regularly, that they have no passive investors and they are willing to invite visitors to attend their club meetings. You should contact the clubs in advance of your visit to obtain some general background information. You should also be comfortable with the location of the club meetings. Some clubs meet in public places, but many meet in the members' homes. Take a friend with you to your initial meeting if you are not comfortable with the location. BetterInvesting does not support or endorse any clubs nor can we guarantee any investment results should you decide to join a club. Clubs subscribe to BetterInvesting services and are not legally affiliated with BetterInvesting.

Is my personal information safe?

Your information will be retained at BetterInvesting headquarters and only given to authorized staff or volunteers. Your name will NOT be given to any club Contacts; it will

be up to you to release your personal information to a club. Don't release extensive personal information to the club contact until you are comfortable.

Do I need to be Computer savvy to join a club?

It depends on the club – but probably not. Most clubs utilize email for club correspondence. Many clubs utilize software and/or online services extensively, but many do not. Some require that you purchase stock analysis software if you join their club. Be sure and ask. Don't shy away from club participation if you feel your computer skills are weak; many clubs will gladly provide a mentor to assist you!

Are there tax ramifications to joining a club? Will my taxes get harder to do if I join a club?

Yes – there are tax ramifications and your tax return may or may not become more complex. This depends on each individual's current tax situation. Club members typically form a partnership in order to pool their investment dollars and the partnership is required to file a federal tax return each year. The club activities will typically generate gains, losses and/or investment income and expenses that flow through to the individual partners' tax returns. You should discuss tax issues with any club you may wish to consider joining. Professional tax preparers can readily handle club tax reporting. If you prepare your own return, expect to spend a bit of time the first year to understand where the numbers are reported on your personal return – but probably no more than a couple of hours.

Is this club a partnership, LLP, or an LLC and should I care?

Investment clubs are primarily structured as either a partnership (either General, or Limited Liability) or a Limited Liability Corporation (“LLC”). Before you consider joining a club, obtain a copy of their legal operating agreement and make sure you understand the legal status of the club and any personal liability you may be taking on. *You can find more information about advantages and disadvantages of various club structure options at <http://www.betterinvesting.org/articles/bi/1450/10938>*

Is this club too advanced or too basic for me?

You should review this with your club contact before your first visit. They should be able to tell you how advanced the club is. Most clubs are committed to teaching new members the BetterInvesting stock study methods and many will provide a mentor to assist you. There are many additional resources available to BetterInvesting members, via online or “in-person” classes, books, software, national and regional conferences. In general, it is helpful to have club members at different levels of experience, so don't hesitate to join a club that seems a bit “over your head”; it takes a few months to learn new terms and methods, but everyone has an opportunity to contribute to the club.

What if I have concerns about a club? What if my club visits are a bad experience?

Contact BetterInvesting headquarters toll-free at 877-275-6242 Option 7 or email findaclub@betterinvesting.org with any concerns or complaints about the program. We want this to be a positive experience for both clubs and individuals. We will investigate any problems reported and, in fact, will be following up with both clubs and individuals in the program to help ensure the quality of the program.

Can my club find neighboring clubs this way?

Yes – we added this component to the program when it occurred to us that clubs might want to share educational sessions, or maybe even visit a smaller club and consider a merger. If your club wants to connect with another club, please complete a club application for the Find-A-Club program at <http://www.betterinvesting.org/static/pdf/ClubApplication.pdf>

Is there a social component to club meetings or is it strictly business?

Clubs range from an “all business” environment to a “very social” environment. Over time, most clubs develop at least a small social component and many members become close friends due to their affiliation with a club. The important thing is that you ask about this aspect of the club and only consider joining a club that will work for you.

What return can I expect on my investments through a club?

Returns vary by club and by investing style. Some clubs prefer to invest conservatively while others choose to invest in more aggressive, and even speculative, types of stocks. This is another area you should explore before you consider joining a club. Ask an officer of the club to show you the annual return on investments over the past 5 or more years. Ask if stocks the club is investing in currently are considered conservative or aggressive types of stocks. This is another area where you should look for a “fit” with your own personal style of investing.

What financial reports do members receive? Is an audit conducted annually of club financial records? Is the Partnership tax return filed annually and on time?

Ask for a copy of financial reports for members before you join a club. The Treasurer or another officer should be able to review financial reports with you and explain them thoroughly. BetterInvesting recommends joining a club that conducts an audit annually – and by members not including the current Treasurer. You may also wish to inquire about fidelity insurance; this insurance is available through BetterInvesting to provide coverage in the event club money or securities are stolen. It’s also a good idea to review the prior year tax return with the club Treasurer before you become a member.

What method is used to study and invest in companies? Does your club follow BetterInvesting principles? Is a Stock Selection Guide prepared for every stock purchased or sold?

BetterInvesting principles and methodology are strongly suggested for all clubs. But that doesn't mean all investments by a club are totally in line with BetterInvesting methodology. Again the investing style of the club should be reviewed and you should feel comfortable that the methods used by the clubs and types of stocks purchases fit with your own personal investing style. If you don't know what your personal investing is yet, we recommend starting with a more conservative investing style until you become more educated about various types of stocks. BetterInvesting strongly recommends the preparation of a stock selection guide before buy/sell decisions are made.

What training is available for new members? Does the club ensure continuing education about investing?

BetterInvesting strongly recommends continuing investment education for all clubs and members. You can never learn too much about investing! Many clubs devote a portion of every meeting to an educational topic; others plan periodic educational programs, attend a local chapter class as a club or arrange for an educational club visit from their local chapter. The format isn't as important as a consistent approach by the club to provide continuing education for all members.

What's expected of me? How active will I need to be in researching stocks, following stocks or assuming other club management duties?

Most clubs expect each member to follow a stock and report on their assigned stock regularly. If you are a beginning investor, look for a club that will assign a mentor to help you learn about stocks and investing. Or arrange to take a class from your local chapter or online. There is also an excellent line of books available through BetterInvesting to assist in your investment education. You should not join a club if you only want to be a passive investor, i.e., rely on other club members to make the investment decisions. Each club in the Find-A-Club program requires a majority of members (or majority of shares) to make investment buy/sell decisions. Do not join a club if you don't want to participate in the investment decisions!

Learning about investing is not difficult, but it does take some time and discipline to regularly follow an assigned stock and become better educated about investments. Most club members are expected to spend a few hours each month outside of meeting time to follow and/or research stocks. Don't be apprehensive – you can become a better investor like thousands of other BetterInvesting members!