

What is an Investment Club

Dick Vogel explains what an Investment Club is all about.

How can I save more?

Is there a better way to save than to rely on a broker for advice?

Do you find yourself asking these questions? You are not alone. Why not get together with others to learn the answers. You will find people with the same questions in your family, among your friends, neighbors, fellow workers, church or other associations to which you belong. Wouldn't it be great if you could start a group and together find answers to these questions? You can by forming or joining an investment club.

What is an investment club?

An investment club is a group of up to twenty beginners just like you who want to learn more about saving money. Your backgrounds may vary but you are united in a desire to learn more about how and where to invest while YOU control the decisions. Most clubs make money but that is not your primary objective. The goal is education where you learn to take care of YOUR OWN MONEY. Nobody has the incentive to take care of your money like you do.

No brokers or financial planners are involved. You learn how to apply and follow principles that have worked for more than fifty years:

- **Invest regularly,**
- **Reinvest earnings,**
- **Invest in high quality growth companies, and**
- **Diversify.**

Formal training sessions on conservative principles of investing are offered in the area several times each year by your local chapter of the national BetterInvesting group.

You make decisions as a group after study and discussions in which each member of the club participates. The companies to be discussed are decided at the previous meeting. During the month you may do some homework on one or more companies so you can form an opinion as to their prospects. You bring this information to the meeting and are encouraged to present your viewpoint.

It is important to understand that an investment club is not a Mutual Fund with paid management. It is a self-directed mutual fund where each member needs to contribute more than just money for the club to fulfill its educational objective.

The minimum and maximum amount of money you invest is determined by the club members and written into the by-laws. It is usually the same for all members; I say usually the same because the club may allow the amount to fall within a range. The usual range for contributions is from \$20 to \$100 per month. As you can tell the amount is designed to give you a chance to experience the outcome of your decision without putting you at great financial risk.

What is an Investment Club (continued)

Your contribution remains your own investment and is accounted for by the Club's Financial Partner. It is pooled with that of your fellow club members and invested in companies selected by the group. The value of your investment fluctuates with the increase or decrease of the prices of the stocks in which your club has invested. If you choose to leave the group you take the value of your investment with you.

You will meet monthly with the other members to evaluate your progress, learn new principles, select companies to study and decide what to do with the money you have collected.

Now that we have raised your interest you may want to learn more about how you can participate in an investment club. The easiest way is to form a new club. Get together with like-minded friends or acquaintances such as people in your workplace, neighborhood, service club, social club, church, etc to find five to twenty people who would like to form an investment club. Then contact www.betterinvesting.org for instructions, sample by-laws and forms for creating a club or contact Mrs. Mary Peters, President, Florida Space Coast Chapter by e-mail at marypeters@naicspace.org for assistance. (Founders will meet several times to organize the group. At this stage no money will be committed and some individuals may choose not to join.)

You may prefer to take a look at one or more existing clubs to experience their operation in person. You may visit a club at no cost. To find a club that welcomes visitors, read the article, *Doorway To Clubs That Welcome Visitors*

While you are at the meeting be sure to ask questions. Please note that even clubs that have been in existence for a while have the same objective as brand new clubs, to learn more about investing. Nobody knows it all! There is always something new to be understood.

In Summary

Want to learn how to save more?

Want to learn the meaning and importance of the financial jargon that you see in the newspaper or hear on television?

Want to learn how to evaluate a company's financial performance and use this information to your advantage?

Want to become confident that you can decide how to invest your savings?

Want to know more about investing than most people do?

Join an investment club!