

## **FAQs for Investment Clubs in the Visit-A-Club Program**

### **What do you mean when you require that all members actively participate in management and investment decisions?**

All members must participate in club investment decisions. Per IRS regulations, there are no passive members who rely on others to make investment decisions. Members who infrequently attend meetings, do not vote regarding decisions to buy or sell stock or generally rely on others to research and make club investment decisions are not considered active participants. Nor are members with illnesses that impair their ability to make investment decisions. Clubs with these types of members are not eligible to participate in the Visit-A-Club program.

### **What about “snowbirds” who go south for much of the year or members who take a leave of absence to attend classes? Are they “active” members?**

Members should attend at least two-thirds of meetings OR continue to be active in some other manner. If, for example, a member lives in Florida for five months each year but remains active in terms of stock research and investment decisions, that is sufficient. The key is that members participate regularly in club investment decisions. Active participation can be maintained via email correspondence or conference calls. Participation or attendance via proxy is acceptable only for a specific meeting. An open-ended or blanket proxy good for all future meetings would not be permissible in terms of participation in the Visit-A-Club program. Again, per IRS regulations, there are no passive members who rely on others to make investment decisions.

### **What is meant by “periodic meetings”?**

Clubs should hold at least two annual business meetings at which investments are researched, discussed and decisions made regarding the purchase or sale of stock. BetterInvesting recommends more frequent meetings, generally 10 to 12 each year. Social gatherings at which no investment decisions are made or stocks studied cannot take the place of a regular, “periodic” business meeting.

### **Why does our club have to be an official dues-paying BetterInvesting Club and the Visit-A-Club club contact be a BetterInvesting Member?**

BetterInvesting is implementing this program as a benefit for our members and our clubs and is providing significant funding, administration and staffing for this program. If BetterInvesting has any questions about your club’s program participation, the contact information is expected to be more up-to-date if the contact is a BetterInvesting member.

### **Can a club use Visit-A-Club to locate other clubs to visit in their area for education?**

Yes. When your club applies for the Visit-A-Club program, this includes being open to visits from other clubs.

### **What if we have a visitor who wants to become a member and we don’t want them as a partner?**

We suggest visitors make a minimum of three visits before even considering them for membership. We also suggest that clubs review membership requirements and expectations with visitors right away. Try to get some input from the group before the voting occurs to determine how your members are likely to vote. In general, it isn’t a good idea to bring on new partners whose membership isn’t supported by all the existing members. It may be best to schedule a separate meeting to discuss the merits of bringing in a new member so that current members can have an open and honest dialogue. If members are concerned about the candidates’ level of knowledge, you might suggest the visitors

take one or two BetterInvesting classes, or perhaps present a Stock Selection Guide, to satisfy questions about their knowledge or commitment.

**No one has called or asked to visit since we joined the program. We really want more visitors. What can we do?**

Although chapters cannot promote a specific club, they can make it known that clubs in a specific neighborhood are welcoming visitors and refer individuals to the chapter Visit-A-Club webpage for participating clubs. Second, ask your neighbors, friends and work associates whether they are interested in visiting your investment club. This grass-roots approach has worked for decades and will probably work for you, too.

**If we participate in this program, is our club information safe from phishing and data mining and otherwise secure?**

Club information will be handled in a secure manner by all participating chapter volunteers and by home office. **Please note that club contact information you provide in the club application will be listed on the BetterInvesting chapter website, we recommend you create a separate email account to ensure your personal privacy.**

**Must we accept all visitors who contact us? Must all meetings be open to visitors?**

No. You may determine specific meetings at which you are “open” for visitors. We request that any clubs applying for the Visit-A-Club program be open to visitors under most circumstances, but the decision ultimately is up to the club members — it’s your club and your partnership agreement or limited liability company agreement. We strongly suggest that you meet with any visitors in a public location for your initial meeting for security reasons. Visit-A-Club is intended for clubs open to visitors, members and individuals who want to visit a club. We hope all clubs will apply for this program in that same spirit.