

Long time NAIC member Rich Beaubien

## Club Members Can Help Their Treasurer

by Amy Rauch-Neilson

**Q** What is the role of the club treasurer, and why is it important for a club's members to understand it?

**A** A club's treasurer is only one-sixteenth of the average club's membership, but the treasurer's job belongs to the entire membership. It's important for each member to understand the treasurer's job. And it's important for the treasurer to educate the club's members as to what he or she does — what the job is and what it takes. For example, members know that valuation units measure their ownership in the club, but they often don't know what drives it, or that it increases or decreases in value as the overall value of the club's portfolio changes. The treasurer can explain how it works.

Most club members don't understand the treasurer's job, but they need to. It's important for them to know their percentage of ownership in the club, whether their deposits have been recorded correctly and the current value of the ownership. To know those things, club members have to understand how to get there. They should think of the club as a mutual fund, and the treasurer's job is to create its annual report.

It's important for club members to understand the treasurer's position not only for their own sake, but for the overall well-being of the club. A club's books should be audited every year by three club members who are not associated with the treasurer's position. This is important to do — not that the treasurer might be dishonest, but people do make mistakes. And it's a lot better to be corrected by the club than by the IRS. Conducting an audit isn't that onerous — it just takes time. And the *NAIC Club Manual* goes through the steps very succinctly.

The ideal time for a club to conduct its annual audit is at the end of the third quarter or the beginning of the

fourth quarter. That way the club can catch any mistakes before year end and tax time. One way the entire club can participate in this is to have all its members transfer the information from their club's 1065 form to their individual state tax forms as a group. That makes it easy to catch mistakes such as an incorrect social security number.

**Q** What's the best way to educate club members about the treasurer's responsibilities?

**A** It goes back to the saying that the best way to learn is by doing. Every member needs to be willing to take on any job within the club, and that goes for the treasurer's position as well. One person shouldn't be required to carry the load for the life of the club. Many long-standing clubs rotate the position.

One of the best ways to rotate members in and out of the treasurer's job is to make it a two-year position that includes an assistant treasurer. The assistant treasurer moves into the treasurer's position at the end of the first year. That way the treasurer is always training his or her replacement. The assistant treasurer should also take classes through the local NAIC chapter during that year of training.

**Q** What are some of the most common mistakes the club treasurer needs to watch out for, and what can club members do to make the treasurer's job easier?

**A** Probably the biggest mistake we see is recording dividends as cash transactions when they

need to be attached to a security. One of the best steps a treasurer can take to guard against making mistakes is to get into a routine. Too many treasurers don't set up a routine, and that gets them into trouble. There's a balance they need to reach between entering every piece of data as they receive it and collecting a pile that they record every other month. One of the ways a club can



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support the treasurer and make the job easier is by creating some guidelines and sticking to them. In our online club, for example, checks have to be given to the treasurer by a certain date or they're held until the following month. In the face-to-face club I belonged to, we would meet on a Wednesday night, and the checks had to be submitted to the treasurer by noon Saturday. The treasurer would make the deposit on the same day every month, which made the job a lot easier. Then the treasurer is free to participate in other aspects of the club that are more interesting, such as finding stocks and doing Stock Selection Guides.

Other issues may not seem like a big deal at the time, but they can make the treasurer's job more difficult and time-consuming. For example, a lot of clubs strive to keep equal membership between the club's members. It's a nice thought, but it makes the bookkeeping system more complicated. And there are serious drawbacks as the club matures that aren't so evident at the beginning.

Down the road, how likely is it that a new club member will be able to contribute \$5,000 or \$10,000 to buy in as an equal partner? Or how will a member remain an equal partner if he or she has to make a withdrawal for a financial emergency? What if a member needs to decrease monthly contributions for financial reasons? Trying to maintain equal membership can make it hard to find new members and can cut off the club's potential for growth. Maintaining equality isn't the answer; the disadvantages outweigh the perceived advantages.

**Q** What new features in the NAIC Club Accounting Software can members look forward to in the near future?

**A** Right now, club members can access the online version, NOCA, at

[www.naic-club.com](http://www.naic-club.com) to see how it works. It's free, and they can wander around and familiarize themselves with the Club Accounting Software. There are message boards and e-mail lists.

If you want to be an online club, you can set it up so that your club can vote online. There's also a way for clubs to view their portfolios with delayed quotes. And next to each stock listed in the club's portfolio, there's a link to Yahoo that will take you to the latest news on that company.

The features of the NAIC Club Accounting Software are going to grow. NAIC is doing a lot in the background for both club and individual members. In the near future, the online version will feature a model investment club and the NAIC Investors School. The software will also offer a chat functionality that I think is much better than what Yahoo currently offers for NAIC members. NOCA and the

desktop product, NCA 2, are being integrated more and more, and automatic data exchange with brokers is coming soon, too.

ICLUBcentral has already improved the user interface in NCA 2 and the new NOCA, big steps past NCA 1.04, which used to be very awkward to use. Enough has been carried over that it's easy for past users of 1.04 to pick up on the new programs, but the desktop version has been revamped so that it is easier for someone who has never used the software before. The database offers a lot more features, and it's both more powerful and more flexible. The bottom line is that the Club Accounting Software is going to become easier and easier to use. ■

*Editor's note: Better Investing welcomes questions for seasoned NAIC members around the country. If you have a specific question or topic you'd like addressed, please contact Amy Rauch-Neilson at [maverick1129@aol.com](mailto:maverick1129@aol.com).*



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