The family who plays the stock market together may stay together, but how will their investment club fare? *BetterInvesting* takes a look at four family clubs, each multigenerational and as a collective whole with members ranging in age from 1 to 85. These clubs are survivors. The newest among them was founded in 1994. Each club has its own DNA: Some meet online if need be, another holds potluck dinners, one enjoys an annual beach outing.

A multigenerational family investment club that may pull into the membership fold children, parents, grandparents, siblings, cousins, in-laws, aunts and uncles can offer dividends other than those printed on their financial statements, suggests Andrea J. Fonte Weaver, founder and executive director of Bridges Together in Sudbury, Massachusetts.

Weaver has a master of science in intergenerational studies, with a focus on uniting older people and youth.

In a forum such as an investment club, families have “actual content to discuss and explore together. This creates an opportunity for older adults to share their own journeys. Adults can initiate and lead conversations about family values and how they are reflected in the choices they make,” she says. Weaver adds; “They can also shine the light on ethics. Families can also explore the backgrounds of different company leaders and their styles — as well as the leadership traits in different members of the family — providing vision for young people.”

**Learning the Value of a Dollar**

Although Tickuntie Investment Club of Greensboro, North Carolina, didn’t begin as an educational tool, it has become one. The club is offering “an investment vehicle for our children as they become adults and active members,” says spokesman Jim Daufeldt, “the basis for teaching good investment analysis, use of judgment and how that translates into good decision-making.”

The club is the biggest and oldest of the four featured here, with 40 members from six family units — 31 adults and nine children in three generations and ranging in age from 1 to 72. In 1979, three certified public accountants founded Tickuntie, taking the name from the practice of ticking and tying numbers in a financial statement.

Just as the original CPAs didn’t envision the club as a financial training ground, they also
didn’t plan a family club. But that’s what Tickuntie “morphed into it inadvertently,” Daufeldt says, although a core group of members takes the key leadership roles (see picture, above left).

Training young people in money management skills is a common rationale for crafting a family investment club. That’s the back story for the 12-member SWL Investment, founded in 1993 in Seattle by the club’s matriarch and patriarch, Dick and Sharon W., both already active members of BetterInvesting.

The youngest SWL members had no voting rights until age 16. The youngest is now 20, a counterpoint to the club’s eldest, who is now 85. (Editor’s note: Although the family very much exists, as seen in the picture at above right, they’ve asked that their last names be withheld.)

“Starting with our first stock purchase of 12 shares of Merck in 1993, we have learned and grown (can you say dot.com bubble? 2008/09 sell off?),” the club’s Kathleen L writes via email. “This includes one of our favorite stocks suggested by the younger members, Apple, which has returned 23 percent annually since we first purchased it in 2011.”

The educational motivation was also behind the Fortune Fourteen Investment Club of Burnsville, Minnesota. The club was initiated by Martha Simms, a BetterInvesting volunteer who wanted the family’s younger generation to be savvy about personal finance.

“Young adults who have entered the workforce are better prepared to start saving at the beginning of their career because they understand the importance of compounding,” she says, adding that a family club experience means young members are likelier to sign up for 401(k)s as well as understand their mutual fund choices.

The 10-member FFIC’s age range is 84 to 17. This span, as Weaver of Bridges Together explains, can be useful as younger investors weather the stock market shifts.

“In the case of finance, these conversations can provide young people with wisdom achieved through experience; with clear examples of resilience as reflected in occasions when investors lost money and how they overcame those experiences; lessons learned after missing a golden opportunity; and the importance of perseverance through the years,” she says.

Adults Only?
Family investment club aren’t just about the kids. Grown-up families may want to learn more about the stock market, too. PBH Family and Family Investment of Detroit began after a chat following a family holiday dinner in November 1983. A sibling suggested focusing on products the family consumed and services they used. Members are now in the 34-85 age range.

The club’s down to 11 active members from a high of 17, yet it’s a vigorous survivor and food still plays an important role in their potluck dinner investment club meetings. But the Stock Selection Guide is first on the menu with this club — the dishes to pass come second.

“Founding members attended a national NAIC seminar held locally and an attendee wished our partnership luck,” the club’s Mike Bridges says. “It was his contention that family investment clubs don’t last long. But here we are 33 years later — three generations — and still going strong!”

Challenges for Family Clubs
PBH Family and Family experienced the death of a family member, which
contributed to the shrinking size of the club. And although every investment club — family and nonfamily — does have members who head out for various reasons, withdrawals in a family club may sometimes have a bigger ouch factor.

“It’s more personal when a family member withdraws from the club,” says Tickuntie’s Daufeldt.

And he does have a word of caution for those who would start a family investment club. Not all family investment clubs are “The Brady Bunch” with bucks. “I believe there could be a risk of strong disagreement and conflict to develop between family members, and due to familiarity they might be more argumentative or personal in their comments about mutual investing decisions,” he says. “It would require very strong leadership.”

If treading carefully is advised, that again leads to another potential pitfall — being too nice to avoid a family disagreement: “There is the obvious disadvantage of not wanting to upset other family members’ enthusiasm of a stock, which could limit honest discussion about the stock,” says Kathleen L. of SWL Investment Club. “The benefit for our club (is that this) has taught us how to communicate better.”

Abby Simms of FFIC has similar concerns: “Because everyone in the club is family, sometimes it can be difficult to voice disagreement. Especially as a younger member of the family, I never want to offend anyone or be disrespectful.”

Abby is a family investment club success story. She wasn’t yet born when her grandmother started FFIC in 1994. Today, she’s a registered nurse. Family investing club money helped pay her college tuition.

Saving for Every Stage of Life

These four family investment clubs are serious practitioners of the Better-Investing way. PBH Family and Family aims for a double-digit return on investments, has 27 stocks invested in nine sectors plus cash and uses the online portal myICLUB.com for record and bookkeeping. With FFIC, some of the younger members have been reliant on the older members to complete the SSGs, but the elders encourage the younger ones to present the material at their meetings.

Generational differences may sometimes pull family clubs in different ways, as Kathleen L. notes. Figure that while most members are eager to save money for the youngest ones’ college funds, the older set eyeing retirement may be more conservative in outlook than the next generation launching their careers.

Like other investment clubs, well-run family groups make money. Portfolios for these clubs range from $2.1 million to $45,000, but members of some clubs have pulled out cash to finance tuition costs. An example is Mary Simms-Trobaugh; an out-of-state move and busy schedules meant leaving behind FFIC, but she and her children departed with a nest egg for college.

“I believe everyone in the club, from oldest to youngest, has learned a lot about stocks and investing thanks to our family investment club,” says Joe Simms, president of FFIC.