



Kentucky LOMA Society Newsletter

Vol. XV No. 1 Spring 2005

Formerly known as The Derby City FLMI Society

Coming Soon! Lunch and Learn on Sarbanes-Oxley- Wednesday, May 11, 2005

Does Section 404 put your stomach in knots? Get educated and prepared by joining the Kentucky LOMA Society at our next educational event. Theresia Smith of Ernst and Young will present various issues concerning the implementation of Sarbanes-Oxley. Society members will get a special discount. Look for our flyers very soon!

Dues, Dues are Due Again!

If you haven't already renewed your membership, we respectfully ask that you fill out the attached form and renew your membership with the Kentucky LOMA Society for 2005. Your contributions are often reimbursable by your employer and are so important to keeping this organization alive. We appreciate your support!

Dues are \$20 for renewal members, \$10 for associates (those taking exams), and \$10 for first time members. Please advise Lee if you've had a change of address, change of phone number or e-mail address. Please make your check out to Kentucky LOMA Society. You can send your check to:

Lee Steineker
AEGON, 12th Floor
400 West Market Street
Louisville, KY 40202

OR pay in person at the upcoming Lunch and Learn on Wednesday, May 11th.

Volunteers Anyone? (April 28, 29 and 30)

The Kentucky LOMA Society is in need of volunteers for the Derby Festival Academic Challenge. Contact Mark Evans at 560-2338 or mevans@aegonusa.com if you can judge or score keep the weekend before Derby. The Academic Challenge is an officially sanctioned Derby Festival event with its own pin. There will be approximately 100 teams of JV High School and Middle School teams from all over Kentucky.

The matches are held on Thursday and Friday, April 28th and 29th from 1:00 p.m. to about 8:30 p.m. Either afternoon or evening shifts are available for volunteers. Then the playoffs are Saturday morning April 30th. The tournament happens at the newly renovated Executive West Hotel. The format is a quick recall competition by teams of four using the Governors Cup rules. The rules and format will be made available to volunteers in advance. All of the matches are moderated by someone that has been involved with quick recall all year, so they run the match.

If you are a judge, you just need to make sure the questions are read and answered correctly and that procedure is followed. Scorekeepers tally right and wrong answers for each team. Food will be provided. Hope to see you there!

President's Message from Meredith Hettinger

With a new year comes renewed vigor for taking on new projects. This year there are two new members on the Board for 2005, Dianne Jensen of AEGON and Sunny Dronawat of Integrity Life. Both Sunny and Dianne will be profiled in upcoming newsletters. Sunny was recently awarded the FFSI designation in January 2005. Way to go Sunny! For 2005, the Society will continue to find quality educational programs, offer more social networking activities and develop a website of our own. We're always interested in getting more people involved with planning activities and special events. Your feedback and support is greatly appreciated. Do not hesitate to contact any officer or board member with ideas or questions about our organization – we're accessible and available.

2005 Ronald McDonald Campaign – Save your pull-tabs and toiletries!

Dianne Jensen, a Kentucky LOMA Society board member, is leading the charge with collecting pull-tabs from soft drink cans on behalf of the Ronald McDonald House, a very worthwhile charitable organization. This will allow the Society to maximize its giving efforts by spreading the campaign over the entire year, rather than just around the time of our Annual Banquet. In addition to collecting pull-tabs, the Society will collect new or gently used household items for families staying at the House. **I would like to encourage everyone to start saving soaps, shampoos, and other goodies that you might pick up from hotels and motels during your travels this year.** You may not want that extra little bottle of shampoo or conditioner from spring break or summer vacation, but the Ronald McDonald House would love to have it!

Please look for the KY LOMA Society pull-tab jars in your workplace. We will also feature our big container at future KLS events. If you would like to obtain a special RMH "little house" collection container, please contact Dianne Jensen directly at DJensen@AEGONUSA.com.

Here is some information about the program from the Ronald McDonald House, Louisville, website:

Pull-Tab Recycling Program:

Why collect pull-tabs?

Recycled Pull-Tabs are a valuable source of charitable revenue for the Ronald McDonald House of Louisville. Schools, offices, individuals, and organizations of all kinds collect aluminum pull-tabs found on beverage cans for the Ronald McDonald House of Louisville.

Why collect only the tabs and not the whole can?

The highest concentration of aluminum is contained in the tab, not in the can, and collecting the entire can requires a great deal more storage space. Collecting pull-tabs is simple and convenient way for you to help us enhance public awareness of the House and its mission.

Bring your tabs with you to our next Kentucky LOMA Society event, which will be held sometime during the second quarter of 2005.

Kentucky LOMA Society Lunch and Learn “How to Read a Prospectus – What You Should Know Before you Make an Investment” by Meredith Hettinger

A large group of inquiring investors gathered on Wednesday, February 2, 2005 at the Integrity Life Insurance Company's Conference Center facility in downtown Louisville. The event featured Kevin L. Howard, Senior Vice President and General Counsel of Integrity Life Insurance Company and National Integrity Life Insurance Company, members of the Western-Southern Financial Group since 2000. Kevin gave an excellent overview on mutual funds and really covered the key points of a prospectus in a clever, hands-on presentation.

What do you do when you receive a prospectus in the mail from one of your mutual fund investments? Do you casually flip it and then throw it away because you don't really understand it anyway? Until Kevin's presentation, I was guilty of not reading my prospectuses. Of course, I knew all about them – right? Having worked in the financial services industry for nearly 10 years, several of which were spent preparing financial statements and

financial highlight tables for mutual funds, I thought that I knew everything I needed to know about expense ratios, investment risks and fund management. Wrong!

Kevin began the presentation with a definition written on the white board. What is a mutual fund? An investment company that allows investors to pool their money together for a common objective. He then explained that shareholders own a mutual fund and that the prospectus is a document that makes investors aware of the risks of an investment. Prospectuses are updated at least annually. If there is a material change to the document, then the prospectus is refiled with the SEC. If the change is not too material, then a prospectus supplement is filed with the SEC. (Back in the old days before electronically filing with EDGAR, there would literally be a sticker placed on the front of the prospectus cover describing the change. Many people, mostly attorneys, refer to the prospectus supplement as the sticker.)

There are several parts in a prospectus document. Typically, they are as follows:

• Goal or investment objective	• How to buy and sell shares
• Investment strategy	• Tax consequences
• Risks and rewards	• Fund Policies
• Fees and expenses	• Financial Highlights
• Fund management	

Using actual hard copy prospectuses from a few different fund companies, Kevin walked us through each section and had us compare one prospectus to another. It highlighted the fact that there are plenty of required disclosures, but each fund company has its own style on how to present them.

Kevin mentioned that an investor should really consider the fund name before investing. Generally speaking, there are three types of naming conventions: generic, semi-descriptive and descriptive. Generic names are typically older mutual funds, such as the Fidelity Magellan fund. The name does not imply the investment objective or strategy of the fund. Descriptive fund names must comply with certain restrictions. For instance, you cannot call a mutual fund the “Investment Grade Bond Portfolio” unless at least 80% of its securities are invested in accordance with its name, specifically investment grade bonds. Semi-descriptive fund names are subjective because there isn’t an 80% threshold rule, so the names are a hybrid between generic and descriptive.

Kevin also reviewed industry averages for annual mutual fund expense ratios. Large Cap, Mid Cap and Small Cap mutual funds have annual expense ratios of 1.02%, 1.23% and 1.27%, respectively. (“Cap” refers to market capitalization, or how large the market value is of the companies’ shares that are held as investments in the mutual fund’s investment portfolio.) Bigger companies tend to be less risky (or volatile) than small companies. Money market funds, bond funds and international funds might have annual expense ratios on average of .57%, .70% and 1.40%, respectively. So, a mutual fund that invests in large companies is generally more cost efficient to run than a mutual fund that invests in smaller companies. Money market and bond funds, which are less volatile and risky than equity funds, have lower expense ratios, too. Although the larger and “safer” mutual funds can be more cost efficient than smaller and “riskier” mutual funds, you may not have as much opportunity for investment performance. The adage is the more risk that you are willing to accept, the more opportunity for reward. However, the three-year bear market from a few years ago served as a painful reminder that you can have negative performance with mutual funds.

At the end of the presentation, Kevin talked about loads (sales charge that goes to your broker) and 12b-1 fees (avoid if you can) and recommended that everyone avoid investing in December (you could get included in the annual dividend distribution, which typically occur during that month, and they are taxable). There were plenty of questions about investing in general. Kevin reminded everyone that each individual investor needs to consider his or her investment objectives, age and risk tolerance when choosing a particular mutual fund. No matter how stellar the mutual fund’s professional management or past investment experience, you can lose all of your money. Past performance is no indication of future performance!

Society Member Profile – Dale Harter - by Meredith Hettinger

Dale Harter, a Supervisory Financial Examiner for the state of Kentucky, has been a member of the Society for ten years and is also a former board member. Dale achieved his FLMI designation in 1992 and has worked in various capacities in the banking, insurance and finance industry for more than forty years. Dale is a Missouri native and calls Sedalia, Missouri home, but he resides in Frankfort, Kentucky with his wife Charlotte when he isn't traveling with his job for the Kentucky Office of Insurance. The recent past has afforded Dale the opportunity to represent the Southeastern NAIC Zone (of which Kentucky is a part) on examinations of companies in other NAIC Zones, including the states of Kansas, Massachusetts, Minnesota, Nebraska, New Hampshire, Ohio and Pennsylvania.

Dale is one of those rare individuals who almost completed his entire education in the same set of three buildings located in Flat River, Missouri (kindergarten through junior college). He graduated from Flat River Junior College (now called Mineral Area Junior College) in 1957 and the University of Missouri at Columbia in 1959 with a BS in Business (Accounting Major).

Dale's first job out of college was working as an Accountant with Goodman Finance Company in Flat River. Of course, he enjoyed his youthful, bachelor days playing keyboards with a band called "The Mad Lads" on the weekends. He then passed the Civil Service Test in 1961 and became an Examiner for the FDIC in a Federal Reserve District #10, (Kansas, Nebraska, Wyoming, Oklahoma and Colorado), transferring to District #8 (Missouri, Arkansas, Kentucky and Tennessee) in 1965.

Working as an examiner for the FDIC created many interesting tales, especially when Dale was reassigned to the liquidation division in the mid-sixties – three weeks before his wedding. He had to be available for work on a 24/7 basis when investigating bank fraud at this one bank in Eastern Missouri. Dale remembered fondly that he had to get special dispensation by the United States Government to get married. (He still has the documentation.)

Back in his early days of being an "Examiner In Charge" for the FDIC, Dale had a crack team of examiners known in his five-state district as "The Mod Squad." His team earned that name because it included the first female examiner and the first minority examiner hired in the whole district. Seven years later, Dale was hired by his hometown bank in Flat River as Assistant Vice President and Cashier, which meant you did everything including clean up at times. He worked up to the title of CEO and Director, but eventually left this position after three families who owned the bank sold out to a chain from St. Louis. His next job was as Mortgage Loan Disbursement Officer for larger home loan construction loans (\$750,000 or more) for Hillsboro Title Company in Jefferson County, Missouri. Dale's job was never dull as a home-building boom fueled by some affluent residents from St. Louis and several famous stage and movie stars, kept him very busy. Dale moved to Sedalia in 1978, where he became Vice President and Cashier of the Missouri State Bank. He became used to making real estate and consumer loans repayable monthly (when the miners and others with monthly incomes) were paid. He had to quickly learn how to structure farm loans and other term loans for farmers, real estate salespeople and others depending on periodic incomes.

Time marched on and Dale worked in many different areas prior to joining the Kentucky Office of Insurance in 1995. He sold insurance for a while for Metropolitan Insurance Company, received his Missouri Real Estate Brokers License and taught several financial courses at both the Mineral Area College in Park Hills, Missouri and the State Fair Community College in Sedalia. Perhaps the most interesting stint came when he joined the Missouri department of Insurance in 1984 as a Senior Financial Examiner. Dale traveled out of state only twice (two weeks at Amana in Kentucky) and (eleven months at Executive Life Insurance Company in Los Angeles.) Executive Life Insurance Company failed from several reasons, but chiefly from its investment in junk bonds sold to them by the renowned Michael Milken. At least two books were published outlining the Company's rise and fall. While in California, through the most unique circumstances, Dale attended Rod Steward's wedding, appeared as a movie extra and almost became a Jeopardy contestant.

Family is also a very important part of Dale's life. He has been married to the former Charlotte Kassabaum since 1966 and have two married sons, Chad and Marc. Chad, who lives in Sedalia, recently left a high-powered job in Chicago to teach applied math to "special high-schoolers falling through the crack" and sponsor the Speech and

Debate Club. Marc manages the operations and warehouse of an art and ceramics enterprise and lives in suburban KC. Besides spending time with his family, Dale enjoys collecting coins and political items, with the latter best described as a passion. He also loves to travel and learn about each area's history. Dale has appreciated the friendship of members of the old Derby City Chapter as well as personnel in the Kentucky Office of Insurance in Frankfort. Dale and his wife have enjoyed the many friends they feel privileged to have in Kentucky.

2005 Society Committees

Committee	Member Appointed
Audit	Meredith Hettinger
Community Service Projects: KY Derby Festival Academic Challenge Ronald McDonald House	Mark Evans Diane Jensen
Distinguished Service Award	Polly Stone, Mark Evans
Education and Program	Lisa Cooper
Membership	Lee Steineker
Newsletter and Publicity	Jane Atkinson, Lisa Cooper, Meredith Hettinger
Nominations	Meredith Hettinger
Social Events	Eddie Cook, Lisa Cooper, Meredith Hettinger
Technology	Sunny Dronawat, Jane Atkinson

PERSONS to NOTE

2005 Officers

<p>President Meredith Hettinger, FLMI, CPA Integrity Life Insurance Company mhettin@integritycompanies.com (502) 582-7939</p>	<p>Vice President Lisa Cooper, FLMI, AIRC, CCP Integrity Life Insurance Company lcooper@integritycompanies.com (502) 582-7940</p>	<p>Treasurer Eddie Cook, FLMI, CPA ecook55@yahoo.com (502) 944-9680</p>	<p>Secretary Polly Stone, FLMI, CPA Atria Senior Living Group, Inc. polly.stone@atriasenioring.com (502) 719-1630</p>	<p>LOMA Committee Rep Thelma Poe, FLMI Union Central thelmahpoe@aol.com (502) 585-5878</p>
--	--	--	--	---

2005 Board Members

<p>Lee Steineker, FLMI, ACS, AAPA AEGON lsteineker@aegonusa.com (502) 560-3993</p>	<p>Dianne Jensen, FLMI AEGON DJensen@AEGONUSA.com 502-560-3094</p>	<p>Jane Atkinson, FLMI The Integrity Companies Jane.Atkinson@integritycompanies.com (502) 540-2095</p>	<p>Sundeep Dronawat, PhD, FLMI, FFSI, AAPA, PCS Integrity Life Insurance Company sunny@integritylife.com (502) 540-2829</p>	<p>Mark Evans, FLMI/M, FSA, MAAA AEGON mevans@aegonusa.com (502) 560-2338</p>	<p>Carolyn Fiske, FLMI Humana cfiske@humana.com (502) 580-3317</p>
--	--	--	--	---	---