



Report

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ASPAC Update

It's time for ASPAC to grow in our number of contributors and we need your help. ASPAC began five years ago with a concerted effort to build a strong financial foundation. We now have our solid contributor base and ASPAC has been able to make a number of financial disbursements to key members of Congress. Now, it's time to not only retain our base, but also to bring in a larger number of contributors to show Congress that a significant portion of ASPAC's membership is concerned with pension legislation on Capitol Hill. The advent of the Enron bankruptcy, coupled with the plummeting of a significant number of blue chip stocks, has placed Congressional concerns for retirement security at the forefront. The time to act is now. 2002 is an election year. Okay, here's how you can help.

Becoming an ASPAC member is a very personal choice and ASPAC members are

the ideal means for encouraging others to join ASPAC. Hearing about ASPAC from ASPAC members is the most successful means of increasing ASPAC's membership, and by increasing our number of contributors we increase our political power.

So at every opportunity, we ask you to consider using your ASPAC membership to demonstrate your support for our profession. In other words:

- Give** (whatever you can, all contributions are appreciated).
- Get** (encourage other ASPAC members to join).
- Gear-up** (wear your ASPAC pin proudly).

And thank you for all your past and future support.

*Karen Jordan, CPC, QPA, Chair
Committee for Political Action*

The PAC Helps ASPAC Play Defense

The role of ASPAC's Political Action Committee has never been more important, as pension issues are more routinely part of the Congressional agenda. Unfortunately, as you know, the focus recently has been on perceived problems with the private pension system in light of the collapse of Enron. Certainly, the impact to Enron plan participants was tragic. However, the immediate "knee-jerk" legislative response by many members of Congress could have done more harm to the private pension system than any good on behalf participants. The ASPAC gave us the opportunity and the forum to express our views so that we could begin to impose some common sense on these initial proposals.

To some degree the role of the ASPAC is even more important when you are playing defense as opposed to offense. When you are

pushing positive legislation (*i.e.*, playing offense) like pension reform legislation, you can, to some extent, set the agenda. Positive legislation has a much longer time horizon, giving you more opportunities to make your case to members of Congress or their staff. By contrast, when you are playing defense, other outside factors—in this case the Enron bankruptcy and the accompanying media firestorm—determine the agenda and the timetable. In such cases, it is often critically necessary to be able to have the opportunity to respond quickly. Without ASPAC's Political Action Committee, we would not have had many of these opportunities as the pension legislation in response to Enron developed.

It cannot be overemphasized that a political action committee does not buy you votes. Making a campaign contribution does not guarantee that a member of Congress will

agree with you. However, the contribution will guarantee you an opportunity to make your case. Fortunately, since we generally have a good message—the importance of a strong private pension system is necessary to ensure retirement security for working Americans—for the most part members of Congress do agree with our position. Following are some examples of how the ASPAC has assisted our efforts during the recent debates over pension legislation in response to Enron.

Restrictions on Blackouts—You may remember that early on there was a great deal of misinformation about the Enron 401(k) plan blackout. Media reports suggested that participants were not told of the blackout and that it lasted 60-90 days. Even though these reports were proven untrue—participants were given three weeks notice and the blackout lasted less than two weeks—proposals to legislatively restrict blackouts were introduced. ASPAC conducted a survey of its members on their blackout experiences to gather ammunition to fight these proposals. Congressman Rob Andrews (D-NJ) was instrumental in helping us fight this battle.

The ASPAC has made several contributions to Congressman Andrews' campaign in recent years. We have also facilitated local fundraisers in Andrews' home district that were attended by ASPAC members. Congressman Andrews is the ranking Democrat on the ERISA Subcommittee of the House Education and Workforce Committee. This committee was the first to work on an Enron pension bill this year. Early on, many members of the committee, both Democrats and Republicans, were considering legislative restrictions on blackout periods. Congressman Andrews interceded on our behalf. He used the data from our survey in committee to convince the other committee members that an absolute limit on blackout periods would be unworkable, particularly for small businesses. Since then, no other committees have included such restrictions in their pension legislation. *continued on the next page*



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ASPA PAC HELPS ASPA

Diversification Requirements for Company Stock—One of the main issues addressed in the various pension bills is the ability of participants to diversify employer stock in their account that was contributed to the plan on their behalf (*e.g.*, matching contributions made in employer stock). Virtually all of these proposals require that participants be given the right to diversify employer stock in their account after three years of service. Initially, many of the proposals did not distinguish between publicly-traded and closely-held stock. For example, the President’s interagency task force (*i.e.*, the Secretaries of Commerce, Labor, and Treasury), which developed the President’s pension legislation in response to Enron, supported a diversification requirement for all employer stock regardless of whether it was closely-held.

Such a requirement on closely-held stock would have been a tremendous burden on small businesses. Can you imagine the increased cost associated with having to value closely-held stock each calendar quarter, or perhaps even more frequently, in order to permit participants to diversify? Such a requirement could very well have been cost-prohibitive, preventing plans from contributing any employer stock to the plan and likely resulting in reduced benefits for participants.

As this issue developed, ASPA asked Congressman Rob Portman (R-OH) for help. Congressman Portman needs no introduction to ASPA members. This year ASPA PAC made a contribution to his leadership PAC. Congressman Portman does not raise money from PACs for his personal campaign. He does not need to because he is often unopposed (or “barely” opposed). Instead, he raises money for his leadership PAC, which

permits him to make contributions to other House members’ campaigns. This gives him greater influence with other House members allowing him to pursue his legislative agenda, which of course includes pensions. In any event, as the pension legislation made its way through the House, Congressman Portman argued for an exception so that plans with closely-held stock would not be subject to the rule. He fortunately prevailed in protecting the interests of both small businesses and their employees.

These are just two examples; there are many more. The ASPA PAC is a crucial component of the defensive team. However, as we hopefully, switch back to offense next year to begin work on the next generation of pension reform, ASPA PAC will certainly also play a critical role.

*Brian H. Graff, Esq.
 Executive Director*



**—ASPA Members Only—
 Enroll me as part of the ASPA PAC team!**

Suggested Contribution Levels

Amount: \$ _____

- Presidents Club \$5,000 (to be paid within five years)
- Founders Club \$1,000 (to be paid within two years)
- Leaders Circle \$500 to \$999
- Members \$100 to \$499
- Associate \$ 50 to \$99

Contribution

- Personal check enclosed (payable to “ASPA PAC”)
- Personal credit card
- Visa Mastercard Amex

Signature: _____
 Exp Date: _____
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