



IAA PAC Fact Sheet

Every day, the United States Congress is bombarded with requests to support or oppose legislation. Individuals, organizations, and entire industries are all fighting for or against laws that impact their business or personal lives. And it's in this environment, the interests of investment advisers can easily get overlooked.

We cannot afford to let this happen.

In today's tumultuous economy, the legislative and regulatory changes currently under consideration will impact us all. It's vitally important that our voice be heard before and during congressional deliberations...not after the rules have changed.

Access to key congressional leaders is critical to shaping our industry's legislative agenda now more than ever. We must ensure that lawmakers know us, hear us, and respond to us.

To strengthen the IAA's legislative advocacy, the Board of Governors determined that the IAA should support political campaigns of federal candidates who play influential roles in setting the statutory framework governing our membership.

Accordingly, the Board approved the creation of the Investment Adviser Association Political Action Committee (IAA PAC) as a proactive way to support policymakers who know and understand our needs and concerns before they decide the policies that address them.

What is a Political Action Committee?

Under federal election law, no corporation is permitted to contribute money directly to candidates. Instead, individuals can contribute money through a separate segregated fund called a political action committee (PAC) set up for the purpose of making political contributions to candidates for elective office. All contributions to a PAC are made voluntarily by individuals, not corporations.

By supporting IAA PAC, members of the IAA support candidates to the U.S. Senate and House of Representatives who influence decisions regarding policies affecting the investment advisory profession. In a highly competitive legislative arena, with many different interests vying for Congress' attention, IAA PAC contributions help IAA strengthen its relationships with these key policy makers.

Who can the PAC solicit for contributions?

The IAA may solicit contributions from individuals who have joined the IAA Advocacy Council.

Regarding its corporate members, IAA is only permitted to solicit voluntary contributions from the executives and administrative personnel of its member companies (defined as salaried personnel who have policymaking, managerial, professional, or supervisory responsibilities) after receiving written permission to do so. Accordingly, either an appropriate corporate officer or the corporate representative authorized by the firm to serve as the IAA's principal contact must sign and return the Solicitation Authorization Form authorizing IAA PAC to solicit its executive and administrative personnel.

Please note, for corporate authorizations, in no event will IAA PAC solicitations be sent to persons at your firm other than those who are members of the Advocacy Council, those with whom IAA regularly communicates, and those executives who are either designated by you or disclosed in your firm's Form ADV Part I.

Solicitation Authorization Form

Signing the IAA PAC Solicitation Authorization Form on behalf of your firm does not obligate you or others at your firm to contribute to the PAC. Contributing to IAA PAC is a voluntary decision and no advantage or disadvantage will be given based on an individual's decision to contribute or not. Additionally, corporate approval of a trade association PAC does not limit the corporation's right to solicit contributions for its own PAC, or an individual's right to contribute to multiple federal PACs or any state or local PACs. A corporation, however, may not authorize more than one trade association to solicit its employees in a calendar year.

Are contributions to IAA PAC tax deductible?

Personal contributions to IAA PAC are not deductible as charitable contributions for federal income tax purposes.

To which candidates will IAA PAC contribute?

In accordance with the authority conferred by the Board of Governors (BOG) to the IAA-PAC Board of Directors (comprised of three BOG members, IAA Chief Executive Officer, and IAA Vice President, Government Relations), IAA PAC will make contributions on a non-partisan basis to members of the U.S. House of Representatives and the U.S. Senate who may influence decisions regarding those issues of concern to investment advisers and/or serve on the House and Senate Committees with legislative jurisdiction over these issues.

How much may individuals contribute to IAA PAC?

An individual may not contribute more than \$5,000 a year to one PAC. However, a husband and wife each have a separate \$5,000 limit, even if only one spouse has income. Federal law requires that IAA PAC report the full name, mailing address, occupation and name of employer of each individual whose contributions aggregate more than \$200 in a calendar year. All contributions must be personal, not corporate.

Would a Contribution to IAA PAC Violate the SEC’s “Pay to Play” Restrictions?

No. Under its bylaws, IAA PAC is authorized to make contributions only to candidates for the U.S. House of Representatives and the U.S. Senate; further, IAA PAC is not authorized to contribute to any “official” of a state or local “government entity,” as defined in Rule 206(4)-5 (generally, state and local incumbents, candidates, or successful candidates with certain influence or authority over advisory contracts with government pension plans) even if such state or local official is a candidate for the U.S. House of Representatives or the U.S. Senate. An investment adviser that provides advisory services to a state or local government entity as a client (or as an investor in a pooled vehicle) must, however, maintain records of any payments made by the adviser or certain of its employees to PACs, including contributions to IAA PAC.

If you have any questions about IAA PAC, please contact IAA Vice President, Government Relations Neil Simon at neil.simon@investmentadviser.org or 202-293- 4222.