

ESOP report

The Voice of The ESOP Association

PRESIDENTIAL TAX REFORM PANEL REPORT WOULD ELIMINATE ESOPS

Employee Ownership Community in State of Disbelief

In a bizarre and completely surprising move, the President's Advisory Panel on Tax Reform recommended that President Bush ask Congress to eliminate all current law defined contribution plans, which of course would eliminate ESOPs. The ESOP Association and its members finds such a recommendation shocking. It is also contra to the Administration's previous posture towards employee ownership, and flies in the face of over 30 years of Presidential and Congressional support of broadened ownership.

"President Bush has spoken often of an 'Ownership Society' where more people than ever before will own their homes and businesses. This recommendation from the Tax Reform Panel to eliminate one of the fastest ways to create more significant ownership for a large number of our businesses through employee stock ownership plans is unbelievable," said J. Michael Keeling, President of The ESOP Association. "Reports are the Panel did not realize its 'Save at Work' proposal would eliminate ESOPs. Such an oversight does not lessen the negative impact of the recommendations. I cannot understand why the Panel has taken such an anti-ownership stance considering how President Bush has talked of a more fair and just society."

The ESOP Association is urging the Department of Treasury to recognize that the proposed elimination of all defined contribution plans should not include ESOPs.

For more information on what you can do, visit the Association's website at www.esopassociation.org. Click on the Government Affairs link and go to ESOP Bulletin for a sample letter that you can send to your Member of Congress and the Secretary of the Treasury.

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FEC Ruling Opens Door to Employee Check Off for ESOP PAC

On July 21, 2005, the Federal Election Commission released a little notice ruling that could revolutionize how employees participate in the Federal Election process if they are employee owners. The gist is that the July 21 ruling puts employee owners on the same footing that members of labor unions have had for over fifty years by permitting employees, with the permission of their employer, to designate a trade association political action committee, or "PAC," for a payroll deduction. The earliest Federal election laws permitted members of labor unions to "check off" payroll deductions for labor union political action committees, but not non-union employees, who might desire to support their employer's primary trade

(Please see FEC RULING, page 8)