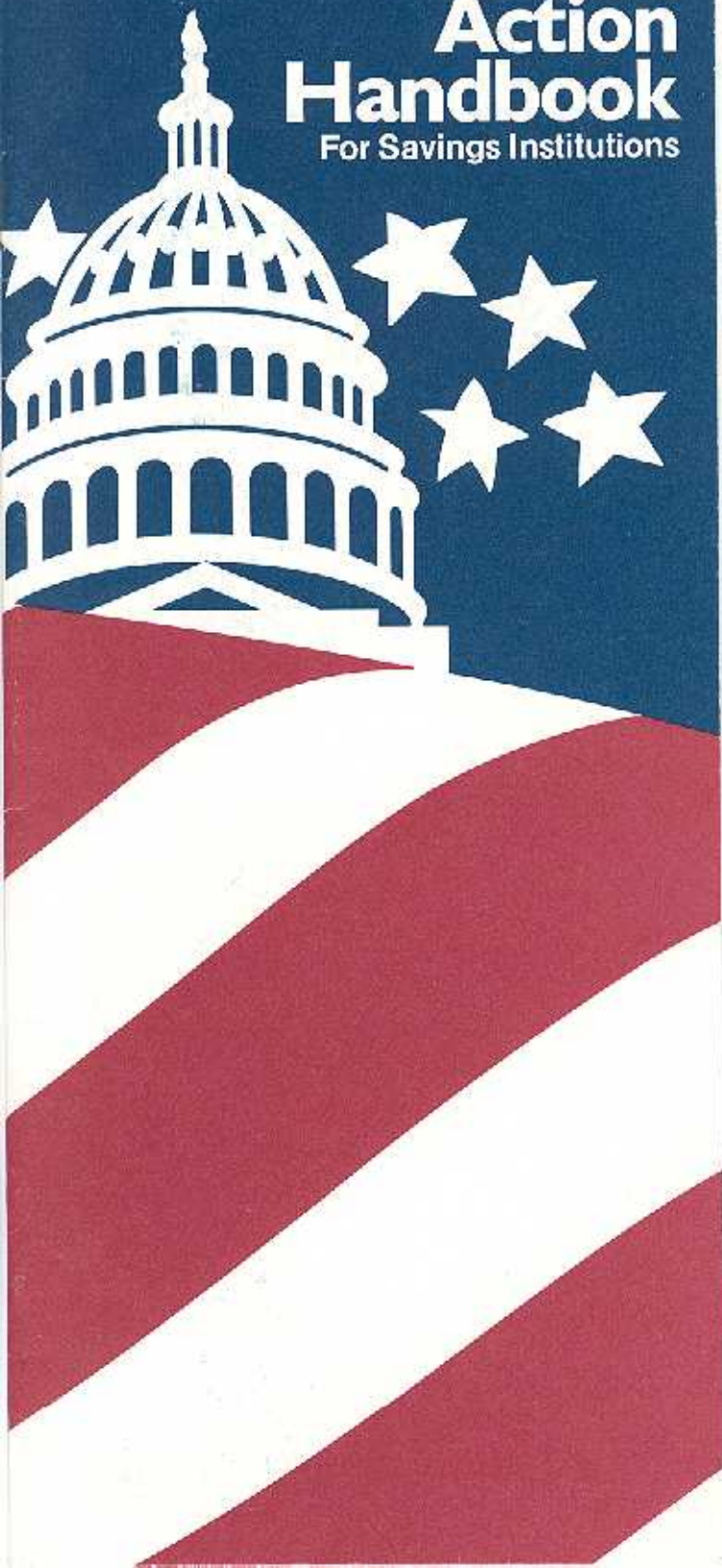


Political Action Handbook

For Savings Institutions



Political Action — Why Be Involved?



Savings institutions are impacted by legislative actions today more than at any other time in their history.

Just as the modern savings institutions business was created by Congress in the mid-1930s, legislators at both the federal and state levels are continually reshaping the business through legislation.

Virtually no aspect of an institution's operations are exempt from scrutiny. Indeed, legislators are asked to vote in almost every session on bills dealing with the services that can be provided, the fees and charges that can be assessed, and the manner in which services are offered.

This high level of accountability is merited in light of the fact that savings institutions deal with the public's money. However, federal and state authorities are not always in step with the current needs of the industry — and changes are needed often. At the same time, legislation is sometimes introduced that might be detrimental not only to the business, but to the people it is intended to serve.

Involvement by savings institutions employees is critical if our industry is to fare well in the political process. The actions taken by legislators can affect not only the stability and profitability of our institutions, but the career opportunities and earning power of every savings institutions employee.

This **Political Action Handbook** focuses on seven key areas of political action in which every staff member can participate in order to advance the industry and the interests of the customers we serve:

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Knowing the Issues



Since deregulation began in the early 1980s, the savings institutions business has been confronted with a variety of issues. These have included:

- Expanded powers/new services
- Interstate banking
- Reregulation
- Tax withholding for customers
- Equal opportunity lending
- Truth in savings
- Licensing of appraisers
- Safety of the FSLIC
- Direct investment authorities of savings institutions
- Check holds and float periods
- Truth in lending
- Tax basis for the business

It is difficult enough for someone in the business to comprehend all the changes. Yet consider the average legislator -- who is asked to make judgments and then vote on bills dealing with technical aspects of savings, investments, lending and a host of other topics.

Legislators regularly seek out advice on issues, and among the most important sources they rely on are their constituents. This is particularly true if these constituents are affected by a particular bill or if they can shed light on the pros and cons of legislation.

Everyone in the savings institutions business can be a valuable source to their legislators on matters related to the business. But in order to voice your opinion or expertise, you must be aware of legislators' concerns.

Becoming informed about current legislative activities is the first step in effective political involvement. By monitoring the political debates in your state legislature and Washington, you can be in a position to anticipate opportunities to be heard effectively -- and can be ready to make your opinions and concerns known.

How can you become more familiar with issues?

- Read key publications.
- Maintain contacts with the legislators whom you know.
- Attend industry meetings where issues are discussed.
- Join a political action committee.
- Discuss issues with colleagues, friends and family.

Where To Get Information

Current concerns of legislators are covered in a variety of publications available to savings institutions personnel. Some of the best sources are:

Daily Media Reports

Especially the main news and business pages of daily newspapers and business reports on radio and television.

Financial Publications

Trade publications covering legislative issues include: *American Banker*, *National Thrift News*, *Savings Institutions and Bottomline*, as well as newsletters such as *Bank Board Watch* and *Savings & Loan Reporter*.

Useful business publications are: *Business Week*, *Dun's Business Month*, *Forbes*, *Fortune*, *Nation's Business* and the *Wall Street Journal*. A growing number of consumer publications are devoted to money matters and legislation affecting them, especially *Changing Times*, *Consumer Reports*, *Fact and Money*.

Public Affairs Periodicals and Broadcasts

National publications devoted to the political scene include: *National Journal*, *National Review*, *The Nation*, *New Republic*, and *Washington Monthly*. Newsletters and magazines are also published in various states.

Television stations in every community also broadcast interview and public affairs shows. Among the best national telecasts are "This Week" (ABC), "Meet the Press" (NBC), "Face the Nation" (CBS), and "Washington Week in Review" (PBS).

Legislator Newsletters

Every legislator produces regular communications to constituents. These mailings provide valuable insights as to the direction of legislation as well as the legislator's positions on issues. Ask to subscribe.

League Publications: Services

The U.S. League's *Washington Notes* and the *National Council's Washington Memo* provide weekly summaries of Capital happenings. Publications by state Leagues also provide valuable information on pending federal and state legislation.

The U.S. League's daily phone report covers the latest developments in Washington, D.C. For the recorded phone message, dial (202) 626-8888. There is no charge for the service, but regular long distance charges apply.

Letter Writing



Legislators get mountains of mail, yet letters still provide one of the easiest and most useful ways in which elected officials can keep in touch with constituents. Legislators and their staffs depend on written communications from voters to:

- Identify emerging issues and subjects for possible legislation.
- Gauge public opinion about the importance of issues.
- Become familiar with the pros and cons of pending legislation, particularly when the issues are complex or technical in nature.

Writing your legislator is one of the most important ways to become involved in the political process — provided that your letter is informative, succinct and timely.

Here are some helpful tips on effective letter writing to legislators:

- Use your personal stationery, particularly if you are a constituent. Make sure your return address is indicated on the letter, not just the envelope.
- Be brief and to the point. Preferably, your letter should be no more than one page.
- Specify the issue or bill in question. Limit letters to a single subject.
- Give *specific* reasons for supporting or opposing legislation. Focus on the legislation's impact on *you, your organization or your community*.
- Be courteous and reasonable; avoid being demanding, self-righteous, or threatening.
- Put your thoughts in your own words; avoid copying or sounding like a form letter.
- Avoid sending copies of letters to legislators -- they are generally ignored. If you wish to write more than one legislator, send an original and, preferably, alter the copy.
- Ask the legislator to reply with his or her position on the issue.

Before you mail the letter:

- Verify all information -- you must be accurate.
- Consider which exhibits you might include, such as newspaper articles, sample brochures, customer letters, etc.

- Check grammar and spelling.
- Determine whether other individuals in the industry should be copied. (Be sure to send a copy to your state League.)
- Sign the letter.

Timing is critical. If a crucial vote is coming up, write early and make sure that your letter arrives in sufficient time for staff and the legislator to review it. This is one case in which the adage "Better Late Than Never" does *not* apply.

Addressing Public Officials

For maximum impact, make sure that you address the legislator properly and that you send it to the correct address.

Suggested addresses and salutations are as follows:

The President

*The President
The White House
Washington, D.C. 20500
Dear Mr. President:*

U.S. Senator

*The Honorable (full name)
United States Senate
Washington, D.C. 20510
Dear Senator (last name):*

U.S. Representative

*The Honorable (full name)
U.S. House of Representatives
Washington, D.C. 20515
Dear Representative (last name):*

Governor

*The Honorable (full name)
Governor of (state)
State Capitol
City, State
Dear Governor (last name):*

State Senator

*The Honorable (full name)
State Senate
State Capitol
City, State
Dear Senator (last name):*

State Representative or Assemblyman

*The Honorable (full name)
State Assembly (or House of Representatives)
State Capitol
City, State
Dear Assemblyman or Representative (last name):*

Special Letter Services

For maximum impact, it is best to write a personal letter on your stationery. Sometimes, however, you may want to send a telegram or Mailgram™ to a legislator. Call directory assistance for the local number.

Several companies provide commercial services that enable you to send letters to multiple legislators at the same time. Services and costs vary. For current offerings, contact: Western Union Action Hotline Services (1-800-336-3797, Ext. 23); MCI Mail (1-800-MCI-2255); PR Aids Inc. (In Washington, D.C., 202-659-0627.)

Regulatory Comment Letters

Letter writing sometimes might be for the purpose of influencing a regulation rather than legislation.

Comment letters are encouraged by agencies at both the federal and state level, and the law usually provides for "comment periods" of from 30 to 90 days. During this period any citizen can express concern or support for a particular regulation.

Effective comment letters should:

- Address a single subject. Make sure the subject is clearly specified at the top of the letter.
- Be as brief and to-the-point as possible, although the technical nature of regulations may merit detailed explanations. (Comment letters are frequently more extensive than a letter to a legislator.)
- Focus on the impact of the proposed regulation on your institution. Avoid rhetoric or emotional arguments.
- Suggest alternative approaches if the proposed regulation is not acceptable.
- Be submitted in accordance with the instructions accompanying the proposed regulation and to the address indicated.
- Arrive **prior** to the end of the comment period.

While various agencies promulgate regulations, the principal federal regulatory agency overseeing savings institutions is the Federal Home Loan Bank Board. Address FHLBB comment letters to:

Director, Information Services
Office of the Secretariat
Federal Home Loan Bank Board
1700 G Street, N.W.
Washington, D.C. 20552

FHLBB comment letters should indicate your institution's Docket Number. Be sure to also send a copy to your state League.

Telephoning Legislators



Reaching out to a legislator by telephone can be effective, particularly if you know the legislator personally. However, timing is critical.

When And Where To Call

While in session, it is usually best to call legislators at their Capitol offices. When in recess, call the district office.

- Congress and many state legislatures convene in January of each year. Congress usually is in session until September or October of each year, with representatives in their districts the remainder of the year. State legislature schedules vary.
- Fridays are usually the best days to reach state legislators in their district offices, since many state legislatures normally meet Monday through Thursday. Congressional representatives often return home over the weekend, too, but their availability is more limited by travel constraints.

U.S. Senators and Representatives can be reached by calling their direct dial numbers, or the main switchboard at the U.S. Capitol in Washington. Call (202) 224-3121 and ask for the legislator you want to reach.

State legislators can be reached by calling the information operator in your state's capital city.

When You Call

When you reach the legislator's office, introduce yourself by name and affiliation. If you're a constituent, say you're a resident of the legislator's district. Ask to speak to the legislator.

Since legislators are busy people, the chances are that the legislator may not be able to speak at the time you call. When this happens, ask the legislator to return the call (especially if you know the legislator) or ask to speak with the aide most familiar with the issue.

Staff aides play an important role in helping legislators evaluate legislation and public opinion. If possible, get to know the aides of key legislators. Often aides are more familiar with the details of legislation and can help incorporate your points of view.

In talking with either a legislator or aide on the telephone:

- Be sure to introduce yourself and your affiliation again.
- Be prepared. The first 30 seconds of your conversation can determine the direction of the conversation and the amount of time you receive on the phone.
- State your reason for calling clearly. Refer to the bill number and title if you're calling about legislation.
- Explain the two or three key reasons you oppose or support the legislation.
- Encourage the legislator to express his or her views -- and comment as to how they will vote.
- Respond to any questions posed, or clarify any points that might be mentioned.
- Thank the legislator or aide for their time and offer to assist them at any time in the future.

Telephone calls are most effective just prior to a critical vote to remind legislators about your position or to heighten their awareness of the issue. Ideally, your call should be within 72 hours of the critical vote.

Meeting Legislators



Most legislators welcome the opportunity to meet with constituents if they can provide insights on a local issue or on legislation being considered by one of the committees on which the legislator serves.

Meetings are probably the single most effective way in which to communicate with a legislator, provided that they can be scheduled at a mutually convenient time and that you are prepared adequately to present your point of view.

Meetings can take place:

- In the district office
- At the Capitol
- As part of a legislator's visit to your institution
- At fund-raising events

Hometown District Meetings

League members are encouraged to set up hometown meetings with legislators when they are back in their districts, or at other times during the year when the legislature is not in session.

Hometown meetings can range from a 20-minute talk in the office to an informal breakfast or luncheon get-together, or a more structured meeting that might include several industry representatives. The key is to identify an approach in which the legislator is comfortable and which allows you to reach your objective.

Hometown meetings can be used to:

- Introduce legislators on key committees to local industry executives
- Familiarize legislators with the scope of savings institutions' operations and legislative concerns
- Persuade legislators on specific pending legislation
- Brainstorm solutions to problems of mutual concern

While the specific format may vary, here are some tips on organizing a successful hometown meeting:

- Contact your legislator well in advance to schedule a mutually convenient time and location. If you are concerned about a specific issue, determine if there is a special time frame in which the meeting should be scheduled. If you would simply like to get to know the legislator better, be flexible but assertive in scheduling a date.
- Once the time is agreed upon, confirm it in writing immediately, then reconfirm your appointment during the week prior to your meeting.
- Before the meeting, familiarize yourself with the specific issues you would like to discuss, as well as other issues in which the legislator expressed an interest. Contact your state League for assistance.
- Arrive early, fully prepared for your discussion, and complete your visit within the allotted time.
- Be candid in discussing issues. Focus on how pending legislation might affect *your* institution and *your* community in addition to the industry as a whole.
- You are not expected to be an expert on all topics. If you don't know the answer to a question, say so and then offer to get the information. Contact your state League for assistance.
- If you plan to discuss a specific issue, consider preparing a one-page summary of your position, which you can leave with the legislator. This "fact sheet" should outline specific points for the legislator and staff to consider.

Capitol Office Visits

Due to busy schedules, visits to a legislator's capitol office are usually much briefer than hometown meetings -- particularly if the legislature is in session.

Visits to Capitol offices are most valuable when you are concerned about specific pending legislation or a specific issue, or following up a previous meeting.

When visiting a legislator's capitol office:

- Set up an appointment in advance. Inform the scheduling secretary about the subject to be discussed and how much time will be required. Be flexible; schedules are often determined by the calendar of legislative meetings or committee hearings.
- Confirm the meeting in writing, if possible.
- Arrive early for the appointment -- in the event you can obtain some extra time.
- Be brief and restrict the conversation to the subject for which you requested the visit -- as well as other issues that might be raised by the legislator.
- Thank the legislator for taking time to meet with you and acknowledge the visit in a letter after returning home.

Visit to Your Institution

Give legislators the opportunity to learn more about your operations and, more importantly, to meet your staff, by inviting them to your head office or branches within their districts.

Visits can be held in conjunction with

- A tour to your facility;
- An appearance before your political action committee (PAC), Management Group or Employee Club; or
- The presentation of a contribution.

Legislators appreciate the opportunity to become familiar with operations that are within their districts, especially those that are relevant to the committees on which they serve. To be effective, visits should be carefully planned, should involve senior officers as well as rank-and-file employees, and should be directed toward helping the legislator understand our business.

Fund-Raising Events

Attendance at fund-raising events is another way in which to maintain a relationship with a legislator.

By supporting a fund-raising event through your attendance, you have demonstrated your interest in their re-election -- an interest that legislators will remember. While the formats of fund-raisers often limit the opportunities to visit in depth about particular issues, many legislators will want to take time to chat about issues of mutual concern. At minimum, make sure that the legislator knows you attended by introducing yourself!

Voting and Campaigning



Involvement in the political process begins with elections. Savings institutions personnel can become involved in the process both by voting and by campaigning for candidates who merit support.

Voting

Elections for federal and state officials are held in even-numbered years. The primary elections are held in the Spring; the general election is held on the first Tuesday after the first Monday in November. Elections for city and county officials vary.

Congressional Representatives are elected to two-year terms and thus are up for re-election during every even-year election. State senators and representatives are elected to two- or four-year terms, depending on state law. U.S. Senators are elected to six-year terms.

In general, to be eligible to vote, you must:

- Attain the age of 18.
- Be a citizen of the United States.
- Reside in the county or city in which you will vote for a specified period of time.
- Not be on parole or in jail.

Registering to vote is required in most communities, and you probably must re-register whenever you change your address. For voter information, call your clerk of elections or registrar of voters.

Sample ballots, required by law in many states, provide an ideal way in which to evaluate candidates and issues. Various civic groups, such as the League of Women Voters, provide additional materials and forums for candidates.

Campaigning

Candidates depend on the volunteer expertise and time of constituents who are committed to their candidacy. Active participation in a candidate's campaign offers an excellent opportunity to establish a ground-floor relationship with a prospective elected official.

Common volunteer opportunities are:

- Circulating qualifying petitions
- Registering voters (especially in districts where voter registration can sway the results)

- Walking precincts prior to the election
- Staffing the campaign office in various capacities
- Working on telephone banks to solicit contributions or to get out the vote
- Distributing campaign materials

While professional campaign managers and fund-raisers are used even in some municipal elections, qualified volunteers can also serve in many key campaign management positions. Most notably, these include steering committee chairman, finance chairman, treasurer, volunteers chairman, precinct chairman and publicity chairman.

Candidate Contributions



An important way to become involved in the political process is by helping key candidates to finance their election campaigns. As the costs of running for office have escalated in past years, legislators have been forced to devote an increasing portion of their time to fund-raising.

By helping candidates achieve what they want most -- election or re-election to office -- you can demonstrate your support in a *tangible* way. In return, candidates recognize that they must be open to the views and concerns of the people who get them elected. A contribution is not a guarantee that a legislator will vote in your favor, but helps provide valuable *visibility* and *access*.

Individual vs. Group Contributions

Personal contributions can be made in two ways: directly as individuals, or collectively through a group such as a PAC.

Individual giving can be especially valuable when the donor knows a candidate well, or when the donor is a prominent constituent. Group contributions are often more effective when it is important to demonstrate the collective support of an industry or cause. Group contributions also tend to be more effective because of the larger amounts that can be raised.

Priorities for Contributions

Few prospective contributors can support all of the candidates who merit their attention or who request support. It's necessary to set *priorities*.

Since *federal* and *state* laws -- not local ordinances-- most directly impact financial institutions' operations, most savings industry contributions are focused at these levels. Nonetheless, many institutions and their employees are also contributors to city and county elections in areas where they do business or reside.

Within Congress and each state legislature, a handful of key *committees* are particularly influential in shaping legislation affecting our business. Since bills usually originate and are heard in committee first, the members of key committees essentially are empowered to kill or lend support to such legislation.

Each prospective contributor should establish a set of priorities for political contributions. Begin with your local legislators, then other elected officials. The following suggested hierarchy may be helpful.

Highest Priorities For Contributions

- State members of key federal committees that regularly vote on industry-related issues:
 - U.S. Senate**
Banking, Finance and Urban Affairs Committee
 - U.S. House of Representatives**
Banking, Finance and Urban Affairs Committee
- Members of key committees in your state legislature that oversee financial institutions, such as Banking and Commerce, or Finance and Insurance.

Next Highest Priorities

- State members of other key federal committees whose activities can influence our business:
 - U.S. Senate**
Finance Committee (tax issues)
 - U.S. House of Representatives**
Ways and Means Committee (tax issues)
Energy and Commerce, especially Subcommittee on Telecommunications, Consumer Protection and Finance
Government Operations, especially Subcommittee on Commerce, Consumer and Monetary Affairs
- Members of other important committees in your state legislature that may influence the savings institutions business. Examples include: Appropriations, Budget, Housing and Community Development, Judiciary, Revenue and Taxation, or Ways and Means (The specific names may vary in each state.)

- Statewide constitutional officers -- such as Governor, Lieutenant Governor, etc.
- State legislators in leadership positions, such as Speaker of the Assembly, President of the Senate, Majority Leader, Minority Leader, etc.

Next Highest Priorities

- Members of federal committees from outside of your state
- Other state candidates not on an industry-influential committee or leadership position

Next Highest Priorities

- Other federal office holders from outside of your state (not members of key committees)
- Partisan fund-raising groups, such as the Democratic or Republican National Committees or state level PACs or caucuses. (While these organizations serve worthwhile missions, contributors have no control over which candidates receive funds. In some cases, contributions can be used in attempts to unseat incumbents who have been helpful to the industry.)

Tips on Contributions

- Party affiliation alone should not be used to determine contributions. Members of both political parties are in a position to influence legislation affecting savings institutions.
- Take advantage of every contribution to build a relationship with the candidate. Set up a special time to present your contribution, or attend a fund-raising event where your presence can be recognized. Never simply mail a check, except for very small personal contributions.
- Support prospective winners; don't waste money by supporting candidates who are probable losers. Remember that incumbents enjoy an immense advantage over challengers, and upsets take place rarely. There are always exceptions, however, and it may be appropriate to give financial help to supporters of past legislative efforts.

Personal Political Contributions

Under federal election laws, an individual can give a federal candidate up to \$1,000 in any primary election and another \$1,000 during the general election. Many states allow unlimited personal contributions to state candidates; others limit amounts or specify reporting requirements.

Personal contributions given directly to a candidate or a PAC are not tax-deductible for federal income tax purposes in 1987 and thereafter. However, many states allow contributors to deduct or take a credit for at least a portion of candidate or PAC contributions. Check the laws applicable in your state.

- To be most effective, contributions should be substantial. It is often more advantageous to give larger amounts to a fewer number of candidates than to give small amounts to many, which only dilutes the impact.
- Time your contribution to the peak of the candidate's fund-raising effort. Candidates often forget about contributions made early in the election cycle. Contributions very late in a campaign often cannot be used to full advantage by the candidate.
- In the case of an open seat with no incumbent, evaluate both candidates especially carefully. Take the time to talk with candidates regarding their knowledge and position on industry issues.

Your state League staff can assist prospective contributors by providing background information on races.

Political Action Committees



Political action committees (PACs) make involvement in the political process easy and rewarding.

A PAC is a group of employees concerned about the impact of the political process . . . with an interest in participating in programs to reach lawmakers. PAC membership usually requires only a limited amount of personal time.

What, exactly, do PACs do?

- PACs help *inform members* about current issues and candidates through meetings held during or after business hours.
- PAC members often *meet with lawmakers* as part of their regular programs, or sponsor hometown district meetings and visits.
- Some PACs *publish newsletters* that contain valuable information about current issues or elections.
- PAC members often *organize letter writing campaigns* when critical legislation is pending.
- PACs organize *voter registration* and *get-out-the-vote* drives.
- Some PACs *campaign for candidates* by walking precincts door-to-door, serving on campaign

committees or volunteering in campaign offices.

- Finally, PACs help *raise funds for candidates*. Most PACs hold fund-raising events or make it possible for eligible employees to make regular periodic contributions through payroll deductions.

The key to the success of PACs is their voluntary nature. Employees cannot be required, directly or indirectly, to become a PAC member. However, once a member, PAC members enjoy the benefits of:

- Becoming better informed citizens
- Getting to know other people
- Gaining visibility
- Helping advance the interests of the business

Eligibility for membership may vary, but generally is open to all managerial and administrative personnel, as well as others who demonstrate an interest in the political process. Officers are elected by the membership, and serve on a volunteer basis. The elected officers are responsible for all PAC activities, but may involve others in evaluating prospective candidate contributions.

For information about the PAC at your institution, contact the officer responsible for political activities. For assistance in setting up a PAC, contact your state League or the U.S. League's Washington D.C. office.

Role of Your State League

Your state's savings institutions League, along with its national counterparts, plays an integral role in the political action activities of the business.

Your League:

- *Identifies and monitors emerging issues*
- *Helps formulate a consensus among members on key issues*
- *Advocates industry positions at the state level and in Washington, D.C.*
- *Mobilizes industry resources to affect legislation*

For assistance on any aspect of political action activities, contact your state League staff.