

ESCA Leadership Summit Brings Together Record Number of Attendees, Politicians and Policy Insiders

Top S ESOP Execs Get a Bird's Eye View of the New Political Landscape

At ESCA's annual "Leadership Summit" this year in Miami, more than 120 top S ESOP executives and advisors, politicians and policy movers met to discuss the political environment that reflects the new Administration and 111th Congress, and to assess the challenges and best strategies for protecting S ESOPs.

The Summit proceedings opened with unusually candid remarks from **Congressman Richard Neal** (D-MA), the chairman of the Ways and Means Subcommittee on Select Revenue (where tax policy is made). Neal, who is considered by many to be next in line to chair the full Ways & Means Committee, spoke about two areas that could impact the S ESOP tax benefit: first is the likelihood that Congress will be actively in search of an increasingly broad range of

Several Members of the powerful Ways & Means Committee

were on hand: Cong.

Richard Neal told participants to be wary of coming debate over defined contribution plans, while Cong.

Allyson Schwartz said S ESOPs would need to defend their tax benefit, as all special benefits will soon be under Congress' microscope.

"loophole closers" to generate needed revenues for the Treasury, and second is an active debate ahead over retirement plans. Neal said that massive losses felt in the retirement plans of many working Americans has also prompted Congressional policymakers to question whether current defined contribution laws adequately protect Americans' savings. This, he suggested, could pose the prospect of real change to current laws affecting ESOPs, even though he lauded ESOPs and the tremendous value they bring to employees and ESOP companies. Moreover, he said, "We must keep in mind that 50 percent of Americans who go to work every day still have NO retirement plan whatsoever."

After focused panels reviewing more key political details and the work of the ESCA board committees, members spent lunch with another prominent Member of Congress, **Congresswoman Allyson Schwartz** (D-PA). Schwartz also serves on the Ways & Means committee and is also in the

leadership of a 70-member group growing its power in the House of Representatives – the pro-business "New Democrat Network". Schwartz shared her view that the new Congress will be actively focused on dividing 'haves' and 'have nots,' and warned that tax reform efforts ahead will require every group that receives a special benefit to justify the benefit that, she noted, is paid for by American taxpayers. "That means ESOPs too, even though I support you and I'll be with you," Schwartz committed.

CEOs, general counsels, CFOs and other top execs then huddled in “peer-to-peer” breakout discussions, tackling issues ranging from valuation in the current economy to ensuring the sustainability of their S ESOP structure.

Earlier in the day, members of ESCA’s elite Advisory Committee also had the opportunity for a private meeting with senior Treasury officials – **Bill Bortz and Helen Morrison**, both of the Office of the Benefits Tax Counsel – to continue the collaboration that ESCA seeks to foster between policy leaders and thought leaders on S ESOP matters.

Meanwhile, between break-outs, all Summit participants had the chance to hear from Congressional staff expert **Erik Olson**, who is Senior Policy Advisor to ESCA’s top House ally, Cong. Ron Kind (D-WI). Olson gave participants a roadmap for how to have an impact in the current Congress, offering guidance on the type and timing of outreach efforts likely to best protect S ESOPs in Congress.

After a dinner and Casino Night, participants regrouped on Day Two for two exceptional policy insider presentations. Discussions began with a “Behind the Scenes” view from noted economist **Phillip Swagel**, who was Treasury Assistant Secretary for Economic Affairs until January 20th. Swagel served as a top aide to former Secretary Hank Paulson during the bailout planning and execution, and shared with participants a first-ever, first-hand glimpse into what really happened in the White House, Executive Branch and Congress to drive the financial rescue plan launched in the late summer.

That extraordinary peek behind the curtain was followed by a second one – this time from **Penny Lee**, who recently left the office of Sen. Majority Leader Harry Reid (D-NV) as his Deputy Chief of Staff and communications advisor. Lee, who was a key advisor to Obama’s Pennsylvania campaign, told the room about key tensions between the House and Senate, what to expect from Democrats’ rhetoric this year, and why Democrats might not REALLY want the 60-vote, “filibuster proof” majority they begged voters to give them (and nearly got!).

ON TAP, DAY TWO:

- ✓ Top Paulson/Treasury economist Phillip Swagel
- ✓ House policy advisor Erik Olson
- ✓ Penny Lee, former deputy chief of staff to Senate Majority Leader Reid
- ✓ House Minority Whip Eric Cantor (R-VA)

WRAP UP / LEADERSHIP SUMMIT 2009

After the summit concluded, Board members had a final, special visitor at the Directors' meeting which followed: **House Minority Whip Eric Cantor** (R-VA), the second-ranking House Republican and a thought leader for the right wing, came for lunch and an opportunity, as he said "to learn more about the S ESOP story so we can tell it on Capitol Hill."

The wrap: The 2009 Leadership Summit allowed participants to connect with and learn from some of the nation's most influential policy leaders, political movers and Washington insiders. Participants may have had differing political views, but all agreed that the Summit was a resounding success, and was a reminder that the one place to get that kind of access and up-to-the-moment, political intelligence is at the ESCA table.