



## LEGAL DOs & DON'Ts

- **At least four sets of laws govern the collection and use of contributions to a Political Action Committee: 1) federal campaign finance, 2) federal tax laws, 3) state campaign finance and 4) state tax laws.** Federal campaign finance and tax laws state that a PAC can use its funds for any “lawful” purpose. However, the IRS says that in order to stay non-taxable, PACs need stick to their “exempt purpose.” A PAC’s “exempt purpose” is twofold: making contributions to candidates and paying the expenses of running the PAC. (Paying the salary of a lobbyist is not an exempt purpose.) Familiarize yourself with these laws.
- **Only members of NAIFA’s “solicitable class” may be solicited for contributions to a federal PAC.** The solicitable class is defined as 1) members of NAIFA, 2) their spouses and children, and 3) executive level employees of the association.
- When members of the association and non-members are in the same place (**such as at a local, state or national association meeting**) and unless the number of non-members is 3% or less, do NOT ask for IFAPAC contributions. If a non-member offers a contribution, it should be declined. If a non-member makes a contribution that is accepted, it should be returned. If it is not returned, it will be refunded. (This is not to say that you cannot ask for contributions from individual NAIFA members at the meeting using a one-on-one approach.)
- **Publicity about association meetings sent only to NAIFA members** can convey the intention to raise money for IFAPAC at the meeting or contain a solicitation for contributions within the meeting notice.
- **Publicity and invitations sent to non-NAIFA members about an upcoming meeting *must not mention IFAPAC.*** You must draft one invitation for members (with a solicitation) and one for non-members (without a solicitation).
- **Securities licensed members of NAIFA are permitted to contribute to the *political fund* of IFAPAC unless they are engaged in the underwriting aspects of the municipal securities business.** Restrictions on political contributions apply to **broker-dealers or municipal securities dealers, or their associated persons, engaged in securing the municipal securities business of state or local governments.** Since 1994, the “pay to play” rules (Rule G-37) of the Municipal Securities Rulemaking Board (MSRB) have prohibited broker-dealer and municipal securities dealer participation in certain political contribution practices in connection with the municipal securities business. **NOTE: These restrictions**

- **Corporate checks are not allowed in the political fund.** IFAPAC can accept funds from the local associations and NAIFA members for administrative expenses, but IFAPAC cannot deposit agency corporate money into the federal, political account.
- **We cannot accept contributions in the name of another.** If a member of your association gives you cash, neither you nor your association may write a check on his/her behalf towards the political fund. Instead, convert the cash to a money order, and then send it to IFAPAC.
- **Checks must be written out to IFAPAC, NAIFAPAC, National Association of Insurance & Financial Advisors Political Action Committee** or the like. All contributions to IFAPAC are funneled through a bank lock box. Our bank has been given very strict guidelines on which checks are permissible to deposit. They will reject any checks that are not made payable to IFAPAC, *including checks made payable to a state IFAPAC*. Checks may not be endorsed over to IFAPAC. Please encourage all donors to properly designate their checks.
- **Cash contributions over \$100** per individual cannot be accepted. When a donor wishes to contribute more than \$100, ask for a personal check or credit card or enroll him/her in the bank draft program or have the donor contribute on line at [www.naifa.org/ifapac](http://www.naifa.org/ifapac).
- **If a member wants to increase his/her bank draft contribution, he/she must give IFAPAC written notice.** You can use the *Monthly Bank Draft – Upgrade Only* form. However, if the member is changing bank accounts, he/she must complete a new application/enrollment form and attach a new voided check.
- **Checks must be mailed to IFAPAC within ten days of receipt.** Please do not hesitate to mail donations once you have collected them. Federal law requires this 10-day rule.
- **IFAPAC must be able to identify contributors accurately:**
  - Please include membership numbers when sending donations to NAIFAPAC.
  - Before mailing an enrollment form to NAIFAPAC, please make sure the form has been completed. We cannot process bank drafts without *all* the information requested on the form, plus a voided check.
- **Contributions are voluntary.** If you learn of an agency principal coercing his/her employees to give to IFAPAC – **stop it**. We may only encourage contributions, not mandate them.
- By law, **no one may be reimbursed for a contribution to IFAPAC**. If you learn that a member of your association has been reimbursed for a contribution – **stop it**. (This is not to say that *IFAPAC* will not *refund* a contribution if requested to do so.)

- As noted above, **you cannot ask non-NAIFA members to donate**. Please keep in mind that this also means that anyone donating a “prize” for an IFAPAC fundraising drive (such as a raffle), must also be a member of NAIFA. In other words, insurance companies and local businesses may not give, free of charge, anything of value for use in raising IFAPAC funds. You or your association may, however, pay for these “prizes” at their fair market value.
- **You may not tell a non-NAIFA member that IFAPAC can accept unsolicited contributions.** The Federal Election Commission has determined that this is, in fact, an impermissible solicitation.
- ***Never write a campaign check to a candidate for federal office from your state IFAPAC account.***
- **There is no federal income tax deduction for contributions to IFAPAC** and you **must** tell contributors this when you solicit them.
- For contributions to be recorded by a certain deadline (i.e. December 31<sup>st</sup> or the last *business* day in December), the contributions must be ***in the bank account*** by that date. **Envelopes post-marked with the deadline date will not be sufficient** for the checks to be credited *on* the deadline date. Also, credit card contributions take several days to process. Accordingly, these types of contributions should be mailed no later than *two weeks before the deadline*.
- **You may take a credit card contribution over the phone** (for instance during a phon-a-thon), but please send the contributor the enrollment form for him/her to sign authorizing the credit card payment. A fax signature is acceptable.
- ***Never send a credit card contribution more than once to the NAIFAPAC offices.*** In other words, do not fax *and* mail the same contribution form. It ***will*** be processed twice.
- There are additional regulations covering **auctions, raffles, give-aways** and the like. (See “Raffle Rules” for additional information).