



Mr. Pomeroy goes to Washington.

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Earl Pomeroy didn't run for Congress in 1992 intending to become the Hill's Mr. Pensions. In fact, he didn't intend to run for Congress at all.

That spring he and his wife, Laurie Kirby, were busy studying Russian and debating the advantages of Vladivostok versus St. Petersburg as they prepared to join the Peace Corps's first mission to Russia. Earl, then 40, was the North Dakota state insurance commissioner, and Laurie, 39, was a student-loan banker. "My wife and I were moved to see the Berlin Wall come down," Pomeroy explains today, so they decided to try to bring capitalism to what used to be the heart of the Soviet bloc. "It was going to be a real adventure. And we would hopefully do some good."

But in the midst of the state Democratic Party convention that April, North Dakota's sole member of the House threw his colleagues into confusion with a surprise announcement that he was giving up his seat to run for the U.S. Senate. Pomeroy was given 24 hours to decide whether to accept the party's nomination for the suddenly vacated congressional seat.

He said yes. If he had to choose between helping people in another country or those at home, Pomeroy says, "I decided I'd just as soon help North Dakotans."

If the anecdote and the sentiments are straight from a Jimmy Stewart movie, Pomeroy is typecast for the leading role. He was an easygoing, well-liked small-town kid whose father died when he was just 19. A few months after Martin Luther King Jr. was assassinated, he went to Mississippi with his church youth group to help rebuild a civil rights center. In Congress he's a moderate with friends on both sides of the aisle whose favorite word seems to be "bipartisan." And virtually nobody has anything bad to say about him. Former North Dakota governor George Sinner -- who drafted Pomeroy to run for Congress during that turbulent 1992 convention -- sums up his protege's approach to politics when he says, "He has an automatic public conscience."

The only catch is that it's still not clear whether the story will have a happy ending. Yes, Pomeroy won the 1992 election, and he's been reelected twice since then. He has built a solid reputation among politicians and industry experts as someone who understands and cares about pensions, and more than any other person in Congress, he has helped make retirement security a political issue. But so far he doesn't have much to show for his reputation in terms of concrete results.

He has ambitious goals to increase the availability of employer-based pensions -- including defined benefit plans -- and to encourage more individual savings. Congress must "expand the opportunities for the 50 percent of the workplace who do not have employer-sponsored pension plans. This is not an ideological or partisan question. It presents a series of technical financial issues," Pomeroy explains. And in expanding access to pensions, "we should make certain the defined benefit plan continues to be in the mix. Defined contribution plans often deliver a lower benefit, [because] the level of the final benefit rests on employees."

Clearly, the North Dakotan deserves credit for helping put pensions on the political radar screen. Pensions experts say Pomeroy has worked hard to understand the complexities of the issues. Moreover, he has nurtured ties to key players both on and off Capitol Hill, including House Speaker Newt Gingrich and minority leader Richard Gephardt. And the new head of the Pension Benefit Guaranty Corp., David Strauss, is an old friend from high school. Last year Pomeroy was appointed to the Democratic leadership group, an informal cluster of about 25 House Democrats who meet regularly with Gephardt to discuss the party's agenda -- an unusual honor for such a relative newcomer.

Through speeches, articles and one-on-ones, Pomeroy is willing to work "member by member, inch by inch, to move an issue along," says Dallas Salisbury, president of the Employee Benefit Research Institute. "He literally is the only member [of Congress] who has chosen to dedicate that kind of time and effort to pension issues." Adds Michael Gordon, a Washington, D.C., pensions attorney who helped write ERISA when he was a congressional counsel, "Pomeroy is the first to come along in a long time to extend his efforts beyond the piecemeal approach to pension reform," and the first since New York senator Jacob Javits a generation ago to combine that broad-based approach with the kind of people skills needed to build alliances on the Hill.

Javits, of course, used that broad-based interest and alliance-building skill to help craft the biggest pension legislation in U.S. history. Pomeroy's oeuvre so far is much more modest. Of the four pension-related bills he has sponsored or co-sponsored, none have been enacted, one he had very little to do with, and two are pretty much yawners anyway. He did, however, exert some influence on a portion of the federal budget affecting pensions.

Of course, it takes a long time to push anything through Congress, and it's especially hard for a member of the minority party, as Pomeroy has been since 1995. After all, a full decade of congressional spadework went into the making of ERISA; Pomeroy has been in office half that long. Besides, legislation is not the only way to measure success: For instance, Pomeroy has begun to institutionalize the growing political interest in retirement issues by setting up a special steering committee with regular lunches.

While Pomeroy is disappointed at the slow progress of his bills, he also worries that pensions may have become too fashionable an issue; he fears his Hill colleagues will go for the headline-making quick fix rather than thoughtful, sound policy. "When Congress gets the issue right, it sometimes gets the responses wrong," he frets. "The political parties have each understood there is political opportunity in pension issues because of the public's growing interest, but they have yet to figure out how to put a partisan spin on it. This gives us a golden opportunity" to forge agreement across party lines on long-term changes to give more Americans access to pension plans, without grandstanding.

In many ways Pomeroy bears the stamp of his native Valley City, a trading center of 7,000 people on the main highway between North Dakota's two biggest cities, Fargo and Bismarck. One of the major influences on his life was his local Methodist church's belief in "social gospel," or social justice with a Christian tilt. As a teenager he volunteered with his church youth group at mental institutions in addition to working on the Mississippi civil rights project. That experience, he says, inspired him to "go to law school and change the world."

As a lawyer in Valley City for five years, Pomeroy handled everything from mortgage foreclosures to personal injury suits to drainage disputes between farmers. This small-town lawyering taught him a lesson that would come in handy in Washington: "Zealously work to represent your clients, but do it in a way that preserves your relationship," because the lawyer you're arguing against in court today could be your kid's baseball coach tomorrow.

At the same time, the future congressman was also becoming involved in electoral politics, albeit in a rather modest fashion in the beginning. Between undergrad work and law school at the University of North Dakota, he was a volunteer chauffeur in the 1974 congressional campaign of Byron Dorgan, working alongside his old friend David Strauss. (Dorgan lost that race but eventually won election to the House and then to the Senate. It was his surprise withdrawal from the House campaign that opened the way for Pomeroy to run for Congress in 1992.) In 1980 Pomeroy won his own first bid for elective office -- a seat in the North Dakota House of Representatives -- and four years later he was elected insurance commissioner.

That job gave Pomeroy his introduction to pensions as a public policy issue, when he had to cope with life insurance companies in North Dakota that

couldn't pay promised annuities. Still, when the new congressman arrived in Washington, pensions policy was just one of several issues that interested him. After a short while he said to himself, "I'm only one vote out of 435. How do I make an impact around here? To do that, one needs to focus."

In his search for a way to make his mark, Pomeroy started by focusing on the federal deficit, joining the Budget Committee and voting for President Clinton's deficit-cutting first budget, which barely squeaked past Congress. (Of course, fiscal prudence and idealism go only so far: As a loyal representative of an agricultural state, Pomeroy opposed ending farm price supports in 1996.)

Another of Pomeroy's important causes is encouraging adoption, particularly interracial adoption. Since coming to Washington the Pomeroy's have adopted two Korean children -- Kathryn, now three and a half, and Scott, now one and a half. The proud father even brought Kathryn to the floor of the House when he voted for the federal adoption tax credit in 1996.

Finally, Pomeroy found his metier in pensions, leveraging his experience as the only former insurance commissioner in the House. "That experience helps him understand the complex world of pensions, [because] on the actuarial side, the principles of insurance are not all that different from those of pensions," notes Randy Hardock, a partner in benefits tax law at Washington law firm Davis & Harman and a former Treasury benefits tax counsel. It also made good political sense: The North Dakota economy is dominated by small businesses and farms, which rarely provide retirement benefits. So Pomeroy has a ready-made campaign issue in pledging to make it easier for his constituents to get a pension plan.

Pomeroy has proved a diligent student. "He does his homework. He's one of the few [in Congress] who actually think the facts matter," says Republican Congresswoman Nancy Johnson of Connecticut, who chairs the oversight subcommittee of the House Ways and Means Committee and who has co-authored two pensions bills with Pomeroy. Adds Brian Graff, executive director of the American Society of Pension Actuaries (which essentially wrote Pomeroy's bill to encourage small businesses to create defined benefit plans): "He can converse with experts and feel quite comfortable. He can cut through technical issues and get to the heart of policy matters."

As Pomeroy sees it, when he decided to make pensions his cause, he needed to do two things at once -- raise his colleagues' level of knowledge about pensions and introduce legislation. He echoes the standard industry view that just about every time Congress has looked at pensions over the past 20 years -- whether under Democratic or Republican control -- it has discouraged employers from having defined benefit plans, by either squeezing the tax deductibility or piling on more onerous regulations, well intentioned though they may be.

One of his first steps was to encourage the discussion of retirement issues -- even when on visits back home. On one such trip this past April, he brought Olena Berg, assistant Department of Labor secretary for pension and welfare benefits, to Fargo, no doubt one of the few times that the federal government's top pensions regulator has been considered a valuable prop for a constituent visit. And in Congress he created a bipartisan Senate-House Steering Committee on Retirement Security -- jointly chaired by himself, Johnson, Vermont Senator James Jeffords (a Republican) and New Mexico Senator Jeff Bingaman (a Democrat) -- that sponsors periodic educational lunches for other members' aides, typically drawing 50 to 100 staffers to discuss such topics as Social Security and employee pension education.

### Staffer lunches

The lunches began in 1995 as brown-bag affairs; but so established have these sessions become that they are now catered by the American Council of Life Insurance and the Retirement Savings Network, an informal group of organizations representing public and private plan sponsors. One sign of Pomeroy's dedication to this topic is that he actually deigns to attend and even moderate a lunch with mere congressional staffers -- a form of democracy virtually unheard of in the caste-conscious Capitol.

Pomeroy's name is on four retirement-related bills:

\* The Secure Assets for Employees Act would make it easier for small businesses to set up defined benefit plans by eliminating nondiscrimination requirements and putting some flexibility into the contribution schedule. This is the meatiest of the four measures, but it's not entirely Pomeroy's bill. Although he had the inspiration to target small business with a simplified defined benefit plan and he set the broad parameters, the details of the plan were designed by the actuary society. Outlook for passage: unlikely this year, but next year could offer more hope. At the least, there's a good chance for hearings early next year. Along with two companion bills in the Senate, SAFE has important backing from the Republican Senate leadership and House subcommittee chairmen.

\* The Retirement Savings Commission Act would create a commission on retirement income policy. This was born of the Steering Committee's lunches, with Pomeroy and the other cochairs as midwives. Outlook: no chance. It has gathered little support on the Hill.

\* The IRA Savings Opportunity Act would give middle-income families special tax credits and easier deductibility for contributions to individual retirement accounts. Outlook: no chance of passage, because it's been superseded by a different kind of IRA provision in the new federal budget.

\* The Savings Are Vital to Everyone's Retirement Act would require the White House to educate the public about retirement issues and hold a retirement

"summit" every four years. The idea is the brainchild of Congressman Harris Fawell, the Illinois Republican who chairs the employer-employee subcommittee of the House Education and Workforce Committee. (Pomeroy's role was to line up Democratic support.) Outlook: fairly good. The House has already passed Saver -- and, even more significantly, as a stand-alone measure. (Usually, pensions legislation garners so little attention that it has to be tacked on to more-important bills.) The Clinton administration originally opposed the measure, but a revised version has been hammered out with Senate negotiators, and the Senate is expected to pass it by the end of this month.

The four bills present a mixed picture of their co-sponsor: sometimes fairly unimaginative (the commission, Saver), sometimes almost shocking (trying to revive the supposedly outdated defined benefit concept). A commission can often be a way of avoiding real action, and the Clinton administration says it's already doing the kind of education that Saver calls for.

No quick fixes

However, attorney Gordon (the former congressional counsel who helped write ERISA) cautions cynics not to underestimate the power of a commission. A commission, he says, can help mitigate "the tendency of politicians to go for the quick fix." And he notes that one of the earliest steps in the evolution of ERISA was president John F. Kennedy's creation of a cabinet committee for corporate pension funds (for which Gordon worked as a DoL counsel). In 1965 that group recommended the then-revolutionary concept of vesting.

In any case, Pomeroy's biggest retirement-related legislative influence so far has been on a bill far more important than any he introduced -- the federal budget. Over the years, he has called for eliminating the employer funding limit on defined benefit plans, now set at 150 percent of full funding. Although the new budget doesn't go that far, it raises the limit to 170 percent, in part because of his efforts.

In fairness, Pomeroy is working under two handicaps: He's not a member of the majority party, and he doesn't sit on a committee with direct jurisdiction over pension issues (Ways and Means or Education and Workforce). If spots on those panels open up -- which would be most likely to occur if a current member stepped down or if the Democrats regained control of the House -- Democratic Caucus chairman Vic Fazio of California says the leadership would like to give Pomeroy one of those assignments. Johnson and Fawell, for starters, say they would welcome him with open arms. Says Johnson: "We really need someone [on Ways and Means] who understands the insurance industry and the tax issues."

Even without the proper committee perch, Pomeroy has achieved something important: alliances, particularly with people who have co-sponsored his bills,

including Johnson, Fawell and Jeffords. Another key contact is the PBGC's Strauss, whose friendship Pomeroy has maintained for close to three decades. Eventually, these ties could help him get some bills passed.

Perversely, Pomeroy's biggest break came with the floods that devastated North Dakota this spring. Handing out federal assistance to homeless voters is the kind of photo op that warms the heart of any good pol, so naturally Democratic powerhouses such as House minority leader Gephardt and Senate minority leader Tom Daschle of neighboring South Dakota were happy to help Pomeroy help his constituents by, among other things, pushing for \$500 million in federal disaster aid. Republicans, too, grabbed Pomeroy's coattails, with Speaker Gingrich and House majority leader Richard Armey of Texas both touring the flood site with Pomeroy in April. (Apparently, those coattails weren't enough. Later that spring the GOP suffered a public relations fiasco when it tried to tie some controversial budget provisions to the federal disaster aid.)

What's notable in the roster of Pomeroy's allies and co-sponsors is that it includes people from both parties. "Good pension policy is neither partisan nor ideological," the congressman declares. It's an attitude reinforced by his experience as a small-town lawyer, North Dakota's tradition of ticket-splitting and his own centrist politics. In a Congress that by all accounts is far more nasty and partisan than it has been in the past, such gentlemanly bipartisanship is particularly hard to pull off -- yet Pomeroy succeeds.

"I think he gets along very well across party lines. Most people have respect for him. There's also a feeling of friendship," says Republican Fawell. Conveying virtually the same sentiment, Democrat Fazio says, "He has the Democratic leadership's respect, and he's respected across the board."

Still, all these alliances and all the diligent studying of pension arcane are a means, not an end. James Klein, president of the Association of Private Pension and Welfare Plans, an employer lobbying group, calls the North Dakota congressman a "diamond in the rough." Pomeroy has worked hard to build a foundation for advancing pension issues. What remains to be seen is what he puts on top of this foundation.