

Establishing a Political Action Committee

Associations, corporations and labor unions have PACs, because by law, they are prohibited from contributing directly to candidates. Their PACs are run by employees and members for the benefit of those employees and members as their voice for achieving policy initiatives of their organizations. Here's everything you need to know about starting a PAC.

With decades of experience, Aristotle provides a full suite of technology solutions, consulting services, and compliance services for PACs.

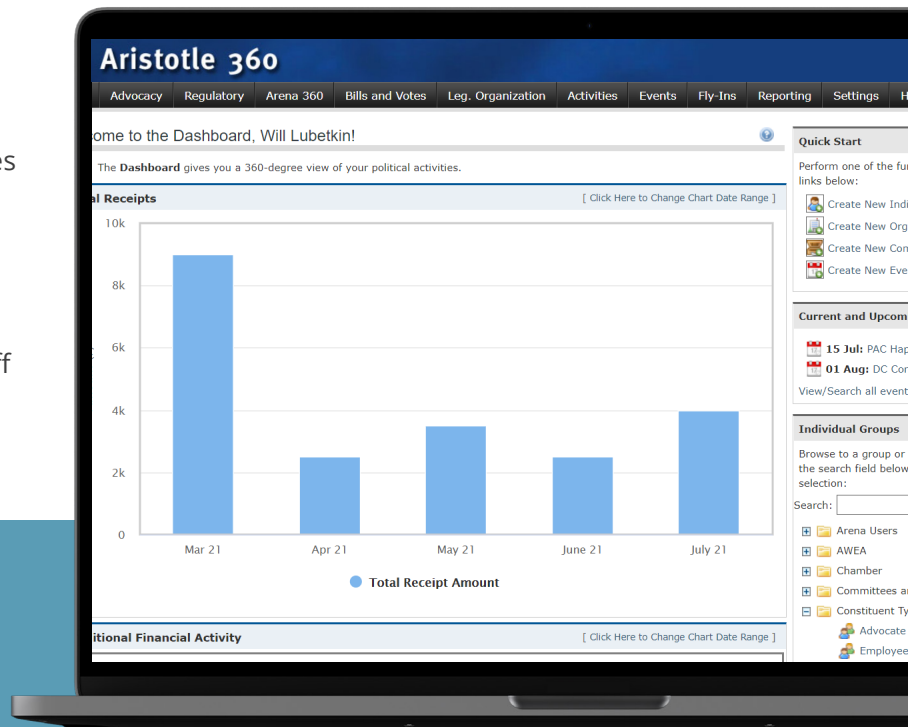
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What is a PAC?

Political Action Committees are groups of like-minded individuals who pool their resources to achieve a common goal. PACs supports candidates for political office who share the philosophy and values on the interests and issues affecting the PAC.

Federal PACs are required to report their contributions and disbursements to the Federal Election Commission (FEC). Aristotle's expert staff can help navigate the complexities of political compliance and PAC management.

Intimidated by PAC FEC compliance requirements? Aristotle can help with expert [PAC Compliance Outsourcing Services](#).



Types of PACs

There are several types of PACs.
Here's what you need to know:

SEPARATE SEGREGATED FUNDS (SSF)

This type of PAC exists to represent the interests of corporations, labor unions, membership groups, and trade associations. The Federal Election Campaign Act prohibits corporations (including incorporated trade associations and membership organizations) and labor organizations from using their general treasury funds to make contributions to federal candidates, federal accounts of political party committees, and other political committees (PACs). They can, however, establish a Separate Segregated Fund (SSF), known as a PAC to contribute directly to federal candidates.

NON-CONNECTED COMMITTEES

When a PAC isn't a political party committee, a committee that has been authorized by a candidate, or an SSF, it may be considered a non-connected committee. This is a wide category including traditional PACs, hybrid PACs, and super PACs, among others.

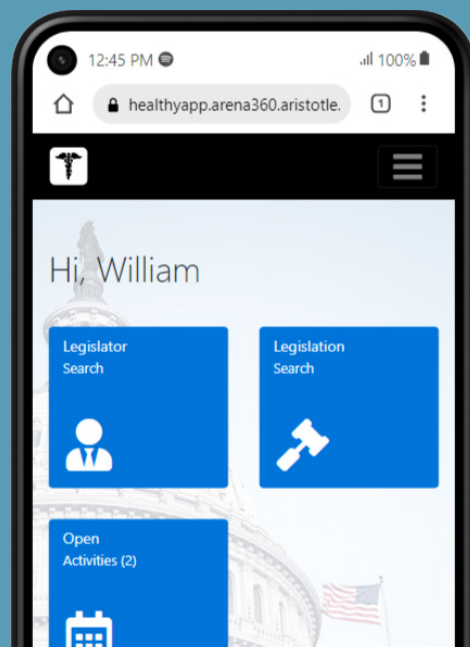
WHAT ARE SUPER PACS?

Super PACs were established in 2010 as a result of two landmark Court cases:

- **Citizens United v. Federal Election Commission**, which was ruled on by the US Supreme Court in 2010.
- **Speechnow.org v. Federal Election Commission**, which was decided by the DC circuit, also in 2010.

A Super PAC can accept unlimited donations, but cannot coordinate spending with a specific political campaign, and cannot donate directly to candidates.

Unlike an SSF PAC, Super PACs can collect money from all sorts of groups without a limit on the donation size. They can take money from unions, corporations, and individuals. Super PACs typically form around specific issues.



How to Start a PAC

This post, discusses how to start an SSF PAC, which is a type of PAC that can be used contribute directly to federal candidates.

PRE-FORMATION: WHAT ABOUT INCORPORATION?

Incorporation is not required and most SSF PACs do not incorporate. Non-connected PACs generally should incorporate to protect the organizers from personal liability. Incorporating to avoid liability does not mean that your PAC will be considered a corporate entity, and it does not violate the ban on corporate contributions. Nor does it affect the Treasurer's liability with compliance for campaign finance law. If you choose to incorporate, filing incorporation documents with your state will be your first step.

STEP 1



APPOINT A TREASURER

A Treasurer is required by the FEC to register your PAC. You need a Treasurer to accept contributions or spend money. It is the treasurer who will be liable for actions of the PAC, typically officially but sometimes personally. The Treasurer will sign reports and deposit receipts. The Treasurer authorizes all expenditures or appoints someone else to authorize expenditures and monitors contributions and make sure they are legal.

Here are the FEC's guidelines for [appointing or changing treasurers](#).

FEC, which includes information like your PAC's name, address, and treasurer. You'll need to decide what bank you want to use to file your FEC registration, but you won't be able to open your bank account until you have registered with the FEC and obtained a tax ID (next step).

STEP 3



GET A TAX ID

A PAC must obtain its own tax ID (Employee Identification Number or EIN). The PAC may not use the same EIN as the associated corporation or organization. You can get an employer identification number by completing IRS Form SS-4.

STEP 2



REGISTER WITH THE FEC

File a statement of organization with the Federal Election Commission (FEC). No matter the size of your PAC or the amount of funds you have raised, you must register your SSF within 10 days of establishment. This is done by submitting the Statement of Organization (Form 1) to the

STEP 4



OPEN A BANK ACCOUNT

You will need the FEC registration and EIN to open a bank account. You should not use an individual social security number for the PAC account. The bank account for your new SSF must be at a National Bank, State Bank, or a FDIC- or NCUA-insured institution. A number of small banks in

the Washington, DC area provide specialized services for PAC that may result in better service and lower fees than using a larger bank.

STEP 5



FUNDRAISING STRATEGIES

There are many different ways for you to generate money for your PAC.

Before you begin, it's important to understand the solicitation limitations on SSF PACs*.

According to the FEC:

- All Contributions to the SSF must be voluntary
- Special notices must be included

**Note that the FEC places unique restrictions on each of these SSF solicitation methods. For more information, see here.*

- Only a limited class of individuals may be solicited
- Solicitation of the general public is prohibited
- All contributions and records must be forwarded by collecting agents and others in a timely manner, generally within 10 calendar days

Possible solicitation methods for SSF PACs include:

- Payroll deduction
- Credit cards
- Written solicitations
- Online solicitations (must be password protected)
- Solicitations at conventions or meetings
- Matching charitable contributions
- Events and promotions
- Combined dues and solicitation statements



The Aristotle Virtual Fundraiser Tool can help to streamline and track your fundraising activities.

[LEARN MORE](#)

Start A Successful PAC Today

Starting a PAC affords organizations the unique ability to support candidates for federal office while establishing a political footprint and expanding the focus on exactly the issues of importance.

To help ensure the success of your PAC, consider taking advantage of the PAC technology solutions, consulting services, and compliance outsourcing available through Aristotle.

Aristotle can provide a complete solution for your PAC from providing a Treasurer, filing FEC and IRS registrations, opening a bank account, filing regular reports, and conducting PAC fundraising. Or you can use our best-in-class software to help you handle those tasks yourself.

We look forward to helping you establish and grow your PAC. To learn more about our PAC services, [visit our website](#).