

INVESTMENT NEWS

Investing's hardly No. 1 goal of the nation's No. 2 official

Gore's net worth has actually declined during VP tenure

The man who'd break any ties on procedural matters during an impeachment trial of Bill Clinton--and become president if he is convicted or resigns--certainly can't be accused of any personal financial conflicts of interests.

That's because, according to Vice President Al Gore's financial statements for the last six years, the man who would be president doesn't have much in the way of personal finances.

Between 1992, the earliest statement available, and 1997, the latest year for which he filed, the vice president's net worth actually declined, to a reported range of \$210,000 to \$1.2 million from a range of \$550,000 to \$1.6 million.

This during a period when the Standard & Poor's 500 stock index offered a cumulative return of 171%, the vice president earned nearly \$1.2 million in book royalties for his best-selling "Earth in the Balance", and his wife, Mary Elizabeth "Tipper" Gore, earned \$100,000 from her own book.

"From a retirement perspective, the vice president is broke," observes Morrie Reiff, CEO of Planned Asset Management Inc., an Encino, Calif., financial advisory firm.

Part of the reason for Mr. Gore's reduced fortunes: legal bills of \$90,000 (to defend against accusations that he violated campaign finance laws in the 1996 election), his children's college and wedding expenses, and an \$85,000

contribution to a charity set up in his late sister's name.

But Mr. Gore clearly has shied away from investing. He owns no stocks or even mutual fund shares. The largest chunk of his wealth is in real estate: his home in Arlington, Va., and his home and farming property in Carthage, Tenn.

His only other resources are a couple of individual retirement accounts valued at no more than \$15,000 or so combines, plus three savings accounts- each with \$15,000 or less in them.

"If you don't own (stocks or mutual funds) in your own portfolio...you don't have a feel for what a mom and pop America is going through," says Gary Battenberg, managing executive of Royal Alliance Associates Inc.'s Kingwood, Texas, office, who supervises \$100 million.

A spokesperson for the vice president says Mr. Gore has long chosen not to invest in individual stocks throughout his political career to avoid potential conflicts of interest.

Besides, Mr. Gore, who earns \$171,500 a year as vice president, plus free housing and a personal expense budget, may not be worried about his future financial prospects,

While the value of the estate of Al Gore Sr., who died Dec. 5, has not yet been assessed, it appears the vice president- sole surviving child of the former Tennessee senator- stands to inherit more than \$1 million in real estate and mineral rights when his 86-year-old mother, Pauline, dies, in addition to \$625,000 from a trust his father set up.

Financial advisers agree the president could benefit from their services. In fact, Mr. Gore does not have a financial planner, according to a spokesman.

Unlike president Clinton and many other top federal officials, Mr. Gore does not have a blind trust, under which assets are invested without the knowledge of the owner.

Instead, his listed assets are primarily in his Arlington, Va., home, valued at \$482,000 in 1997, and a 79-acre farm in his official hometown of Carthage,

Tenn., worth between \$432,600 and \$582,600.

Trust accounts totaling between \$95,000 and \$360,000 in Treasury strips (zero-coupon Treasury notes), Treasury growth certificates and savings accounts have been set up for his three dependant children.

There's also stock worth less than \$1,001 in the Gore Antique Mall in Carthage.

On the plus side, notes Nashville, Tenn., planner Vincent Phillips, the vice president's "liabilities aren't that high relative to the amount of real estate assets that he has."

Mr. Gore's two 30-year mortgages, refinanced at 7.5% in 1997 with Citizens Bank in Carthage, are valued at \$50,001 to \$100,000 for the Arlington home and \$100,001 to \$250,000 for the Carthage property.

As for income, Mr. Gore reported receiving \$20,000 in 1997 from zinc mining lease royalties from JMZ, a division of Union Zinc Inc. He also reported \$16,800 in gross rental income from his Arlington house, \$2,200 in rent from a pasture lease in Tennessee, \$4,400 in rent from the Carthage house and \$2,650 in royalties from book publisher Houghton-Mifflin Inc.

Mr. Gore also received \$50,000 to \$70,000 in legal services donated by Nashville lawyer Jim Neal, who is described in the vice president's disclosure statement as a "long-time personal friend."

Tipper Gore had \$2,163 in passive income in 1997 from a plumbing supply company she owns with her family. Her book royalties came solely in 1996.

The vice president "is somebody who's not real concerned about retirement," surmises Carthage native David Stacey of American Express Financial Advisors Inc. in Nashville.

For one thing, once Mr. Gore leaves office he'll be eligible to draw a \$90,000 annual pension for his 16 years in Congress and his service as vice president.

And Mr. Stacey figures the 50-year old Mr. Gore can easily make up for lost time. "Someone in the higher end of politics probably has more of an earnings

potential after being out of office than the average American," he says.

Still, Mr. Stacey says, "it would make political sense" for the vice president to promote the habit of saving, since "Americans are notoriously bad savers."

While the vice president's income is too high for the Gores to be eligible for the Roth IRA, they could contribute \$4,000 to a traditional IRA without taking a tax deduction for it, Mr. Stacey notes.

Certainly, the vice president does not have to worry as much about retirement as most folks.

In addition to the generous government pension, the vice president presumably will inherit his father's estate after his mother's death.

Al Gore Sr.'s will, of which the vice president is executor, employs a credit shelter trust, a standard estate planning technique under which the maximum exemption amount, \$625,000, is put in a trust for the benefit of his widow, Pauline.

All the assets were left outright to her or placed in the trust, preventing the \$625,000 from being taxed as part of Mrs. Gore's estate if any is left at her death, explains Jack Robinson, a lawyer with Gullett Sanford Robinson & Martin in Nashville, who wrote the senior Mr. Gore's will.

"This trust goes to Al after (Mrs. Gore's) death," Mr. Robinson says.

Appraised values of the late Mr. Gore's property in Smith County, Tennessee, reveal that he had substantial assets which the vice president stands to inherit from his mother. Nine properties are appraised at nearly \$890,000, according to Smith County clerk Ruth Massey, in addition to the zinc rights valued at \$231,300.

Not a bad base on which to build.

Besides, observes Encino financial adviser Mr. Reiff, "when he finishes whatever he does, he'll write a book and he'll be OK."