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Financial Accounting Standards Board  
Technical Director  
401 Merritt 7  
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File Reference No. EITF100C:  
Pension Plans (Topic 962)  
Reporting Loans to Participants by Defined Contribution Pension Plans

Dear FASB:

I would like to compliment the EITF and FASB for reaching a reasonable and efficient resolution of the question related to loans made to the participants in pension-type plans. For purposes of classifying comment letters, my title is professor of accounting and I am employed at the University of Idaho. I have held my CPA license since 1977. Prior to beginning my 28-year academic career, I held a variety of positions including staff accountant in a small public accounting firm, controller for several small to medium-size business entities, and as director of finance for a large not-for-profit entity. As an active donor and small investor, I have occasion to read the financial information of charities and publicly-traded companies. While I teach pension accounting, I do not have any particular expertise with respect to the accounting and reporting done by pension plan trustees.

**Question 1:** Do you agree that participant loans should be classified by defined contribution pension plans as notes receivable from participants, separately from plan investments? If not, why not? What alternative classification would you prefer and why?

I agree. Separate identification is important because investments should be measured at market values but participant loans would presumably carry less risk since they are in essence “repaying themselves.” If they fail to repay the loans, their ultimate payout from the plan will be reduced. Accordingly, the plan itself and other plan participants bear little risk.

**Question 2:** Do you agree that participant loans should be measured at their unpaid principal balance plus any accrued but unpaid interest? If not, why not? What alternative measurement would you prefer and why?

I agree. This makes perfect sense. There is no reason to impose the cost of determining and disclosing fair values onto the participants through higher administrative fees.

**Question 3:** The Task Force concluded that no additional disclosures specific to participant loans would be required as part of the amendments in this proposed Update. Do you agree? If not, what additional disclosure do you believe would be necessary?

I agree.

**Question 4:** Do you agree that the amendments in this proposed Update should be applied retrospectively, with early adoption allowed? If not, why not?

I see no reason to forbid early adoption and anything other than retrospective application would be confusing.

**Question 5:** How much time do you believe would be necessary for you to efficiently implement the amendments in this proposed Update?

Those who administer the plans would be in a better position to comment. However, from my general experience as an accountant, I would think the change will not be burdensome. After all, the administrators know the identities of the participants with loans and the amounts owed.

Yours truly,

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