



Michael Monahan
Senior Director, Accounting Policy

December 15, 2014

Ms. Susan Cospers, Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@fasb.org

Re: *Expansion of Accounting Standard Update No. 2014-01, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)*

Dear Ms. Cospers:

The American Council of Life Insurers (ACLI)¹ applauds and appreciates the efforts of the Emerging Issues Task Force (EITF) and the Financial Accounting Standards Board for its work on Accounting Standard Update (ASU) No. 2014-01, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)*. We believe that ASU No. 2014-01 provides a reasonable and accurate reflection of an investment in qualified affordable housing projects and represents an appropriate reflection of the true economic surrounding these investments.

ASU No. 2014-01 modifies guidance that was previously included in EITF No. 94-01, *Accounting for Tax Benefits Resulting from Affordable Housing Projects*, which was later codified into Topic 323. When EITF No. 94-01 was finalized in 1995, tax credit investment vehicles were relatively new to the market and the only significant tax credit investment vehicles were income tax-based qualified affordable housing funds. As such, the guidance in EITF No. 94-01 and ASU No. 2014-01 only apply to these types of tax credits.

¹ The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI advocates in federal, state and international forums. Its members represent more than 90 percent of the assets and premiums of the U.S. life insurance and annuity industry. In addition to life insurance, annuities and other workplace and individual retirement plans, ACLI members offer long-term care and disability income insurance, and reinsurance. Its public website can be accessed at www.acli.com.

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Since 1995, there have been many additional forms of tax credit investment vehicles created, including, but not limited to, historical tax credits, renewable energy tax credits, new markets tax credit and premium tax credits. Further, there are new types of tax credit investment vehicles developed on a regular basis depending on the need of the tax credit and market. As income tax-based qualified affordable housing projects are only one type of tax credit investment vehicle currently available in the market, we believe that consideration should be given to other types of tax credits.

As the economics and the investment possibilities are similar among the tax credit investment vehicles, we believe that the guidance contained within ASU No. 2014-01 should be expanded to become more of a principle-based standard. A principle-based standard should allow for consistent accounting treatment for the current types of tax credit investment vehicles while allowing for flexibility as new tax credit investment vehicles are developed. Expanding ASU No. 2014-01 to other tax credit investment vehicles would provide a reasonable and accurate reflection of the true economics surrounding these investments.

We strongly believe, therefore, that the EITF should continue its deliberations on the expansion of ASU No. 2014-01 to make it a principle-based standard that would favor consistency and flexibility. Further, we believe that the EITF should conclude that if any tax credit investment vehicle meets the criteria established in ASU No. 2014-01, similar accounting should be permitted to reflect the true economics of the transition.

In the event that further clarification of our position is necessary, we would be happy to discuss in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Monahan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mike Monahan
Senior Director, Accounting Policy