



December 15, 2014

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Via e-mail – [director@fasb.org](mailto:director@fasb.org)

Re: File Reference No. 2014-260. Proposed Accounting Standards Update: Compensation – Retirement Benefits (Topic 715): *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*.

Plante & Moran PLLC appreciates the opportunity to comment on the proposed Accounting Standards Update, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*. We support the Financial Accounting Standards Board's (Board's) Simplification Initiative and the efforts to reduce the cost and complexity in financial reporting. Following, please find our responses to the specific Questions for Respondents in the Exposure Draft, along with other comments for the Board's consideration.

**Question 1:** Should entities with fiscal year-ends that do not fall on a month-end be permitted as a practical expedient to measure their defined benefit plan assets and obligations as of the month-end that is closest to their fiscal year-end? If not, why?

**Response 1:** Yes, we agree with the proposed Update that entities with fiscal year-ends that do not fall on a month-end be permitted to measure defined benefit assets and obligations as of the month-end that is closest to their fiscal year-end.

**Question 2:** Should the practical expedient be applied consistently to all plans if an employer has more than one plan?

**Response 2:** Yes, we agree that the practical expedient be applied consistently to all plans if an employer has more than one plan.

**Question 3:** The amendments in this proposed Update would require an entity to adjust the funded status recognized in its statement of financial position to reflect contributions made between the date used to measure defined benefit plan assets and obligations and the entity's fiscal year-end. Should the funded status be adjusted for other transactions (for example, benefit payments or plan amendments) that could occur between the date used to measure defined benefit plan assets and obligations and an entity's fiscal year-end?

**Response 3:** We recommend that the Board consider requiring certain transactions to be reflected in the funded status when the practical expedient is elected. Benefit payments made

Technical Director  
Financial Accounting Standards Board

2

December 15, 2014

from plan assets generally have no effect on funded status as plan assets and obligations are reduced by the same amount. However, for unfunded plans, such as a retiree medical plan where benefits are paid from the employer's assets, benefit payments will affect the funded status and we believe the funded status should be adjusted for transactions occurring between the date used to measure defined benefit assets and obligations and the entity's fiscal year-end.

Similarly, we believe that consideration should be given to adjusting the funded status for plan amendments and other significant events occurring between the date used to measure defined benefit plan assets and obligations and the entity's fiscal year-end. ASC 715-30-25-5 requires plan assets and obligations to be remeasured during the fiscal year upon the occurrence of significant events and that the funded status be adjusted accordingly. We believe that significant events should be reflected in the period they occur and should not be affected by the practical expedient. Depending on the particular facts and circumstances, this could result in the effects of a significant event either being included or excluded from the measurement of plan assets and obligations as of the alternative measurement date.

For example, if an entity's fiscal-year end is December 26, the alternative measurement date would be December 31. Under the provisions of the proposed Update, a plan amendment on December 28 would be included in the measurement of plan assets and obligations on December 31, even though it occurred after the end of the entity's fiscal year. We believe the effects of this plan amendment should not be included in measuring plan assets and liabilities.

If the entity's fiscal year end is January 5, it would also use an alternative measurement date of December 31. Assuming a plan amendment occurred on January 3, it would not be included in the measurement of plan assets and liabilities, even though the event occurred during the entity's fiscal year. We believe the effects of this plan amendment should be included in measuring the plan's funded status.

**Question 4:** Should an employer be required to disclose the accounting policy election and the alternative date used for measuring defined benefit plan assets and obligations?

**Response 4:** Yes, we agree that an employer should disclose the accounting policy election and the alternative date used for measuring defined benefit plan assets and obligations.

**Question 5:** The Board's goal is for the final Update to be adopted as soon as practicable. When should the proposed amendments be effective and should early adoption be permitted?

**Response 5:** We support the Board's goal for the final Update to be adopted as soon as practicable. We recommend the new guidance be effective for fiscal years beginning after December 15, 2014, with early application permitted.

**Other Comments:** We also offer the following additional comments for consideration by the Board:

Many defined benefit and defined contribution plans have fiscal year-ends that mirror those of the plan sponsor and thus face the same cost and complexity issues as the employer in measuring plan assets. Accordingly, we recommend that the Board consider providing the same practical

Technical Director  
Financial Accounting Standards Board

3

December 15, 2014

expedient to employee benefit plans that prepare financial statements in accordance with Topics 960, 962 and 965.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at [david.grubb@plante Moran.com](mailto:david.grubb@plante Moran.com) or 248.223.3745.

Very truly yours,

**PLANTE & MORAN, PLLC**