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December 15, 2014

Ms. Susan M. Cospers, Technical Director
Financial Accounting Standards Board
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E-mail: director@fasb.org

File Reference No. 2014-260

Dear Sue:

Towers Watson (TW) is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. We combine expertise in retirement and investment consulting to support organizations worldwide in designing, valuing, managing, administering, communicating and reporting on all types of benefit plans. Each year we perform actuarial valuations and/or prepare disclosure information for more than 10,000 retirement plans around the world in more than 100 jurisdictions.

We appreciate the opportunity to comment on the FASB's Exposure Draft of the Proposed Accounting Standards Update, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets* (the Exposure Draft, or the ED). We offer the following observations:

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?

TW observation: Absent a dramatic change in market conditions between an entity's fiscal year end and the closest month end, measurement of defined benefit plan assets and obligations as of the month-end closest to the entity's fiscal year-end should reduce the costs of the measurement without decreasing the usefulness of the information. We note that ASC 715-30 and ASC 715-60 already permit the use of reasonable approximations. We believe it may be useful to refine the language in Paragraph 715-30-35-63A to more specifically state that an employer may elect a policy that defines its year-end *measurement date* as the month end closest to the fiscal year end. In addition, we recommend the Board consider extending the practical expedient to interim remeasurements of plan assets and obligations arising from a significant event, such as a plan amendment, settlement, or curtailment that calls for a remeasurement. The incremental cost of determining the discount rate and measuring plan assets mid-month is no less for an interim remeasurement than the year end measurement and generally should not materially affect the resulting cost recognition, absent a dramatic change in market conditions between the date of the event and the closest month end.

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

TW observation: We believe comparability is enhanced by internal consistency in selecting the measurement date for all material plans, but defer to the views of the investor community.

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?

TW observation: Consistent with the simplification of using the nearest month end date as a reasonable approximation of the benefit obligation and plan assets at the entity's fiscal year end, we believe that transactions between the fiscal year-end and the month-end measurement date should be reflected in the funded status if the effect on the plan's net asset or liability recognized in the statement of financial position is material. For example, we believe that benefit payments from sources other than plan assets should be treated the same way as contributions. We would not expect it would be necessary to adjust for benefit payments from plan assets since there is little or no effect on the plan's funded status. (Payment of retiree drug claims leading to an expected Retiree Drug Subsidy would lead to a change in funded status, although we would expect the effect to be trivial in most cases.) Similarly adjustment should be made for acquisitions, divestitures, significant plan changes, curtailments and settlements that occur between the fiscal year-end and the month-end measurement date. We believe the effects of those transactions should be recognized in the fiscal period in which they occur, and would not require additional effort as the effects of those transactions will have to be measured in any case.

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?

TW observation: We believe that as with other accounting policies, employers should disclose their accounting policy when the date used to measure their defined benefit plan assets and obligation differs from the company's fiscal year end.

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?

TW observation: Because the proposed change provides a new alternative as opposed to a new requirement, we believe the final Update should be effective upon issuance. As alluded to earlier, many entities with fiscal year-ends that do not fall on a month-end are already using a month-end measurement date as a reasonable approximation of the values at the measurement date.

We would be happy to discuss our views with you further or answer any questions you may have.

Sincerely yours,



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