



May 18, 2015

Via Email to Director@FASB.org

Technical Director
Financial Accounting Standards Board
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File Reference No. EITF-15C-I

File Reference No. EITF-15C-II

Eide Bailly LLP appreciates the opportunity to comment on the proposed Accounting Standards Updates, *Fully Benefit-Responsive Investment Contracts and Plan Investment Disclosures* (Topics 960, 962, and 965).

We appreciate the Board's effort to reduce complexity in employee benefit plan accounting. We agree that the updates are consistent with the FASB's Simplification Initiative and will improve the usefulness of the information provided to users of plan financial statements.

We have provided responses on the presented questions as follows:

Fully Benefit Responsive Investment Contracts

File Reference No. EITF-15C-I

Question 1: Should the requirements to present and disclose fully benefit-responsive investment contracts at fair value be eliminated? If not, please explain why.

We agree that the requirements should be eliminated. As discussed in the exposure draft, the presentation of fully benefit-responsive investment contracts at fair value does not provide decision-useful information when fair value differs from contract value as such investments are generally transacted at contract value.

Question 2: Should the disclosure requirements for fully benefit-responsive investment contracts included in paragraphs 962-325-50-3 and 965-325-50-2 be reduced to eliminate disclosures relating to fair value measurements? If not, please explain why.

Consistent with our response to Question 1 above, we agree that the disclosure requirements should be reduced to eliminate fair value disclosures. The usefulness of fair value disclosures for fully benefit-responsive investment contracts is minimal since contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the employee benefit plan.

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Question 3: Should any other disclosures be required for fully benefit-responsive investment contracts?

We believe that disclosures for fully benefit-responsive investments should continue to include any restrictions on the termination of the investment, when applicable.

Question 4: Should the proposed amendments be applied retrospectively to all periods presented? If not, please explain why.

We believe the proposed amendments should be applied retrospectively to all periods presented.

Question 5: How much time would be needed to implement the proposed amendments? Should early adoption be permitted?

We believe the proposed amendments should be effective for plan years beginning on or after January 1, 2016 with early adoption permitted.

Plan Investment Disclosures
File Reference No. EITF-15C-II

Question 1: Should investments be disaggregated only by general type, as required under Topics 960, 962, and 965 (that is, not by both general type and nature, characteristics and risks)? If not, please explain why.

We agree that investments should be disaggregated only by general type. Disaggregate investment disclosures provide duplicate information already reported by a plan's administrator or brokerage firm to stakeholders in the form of quarterly statements and prospectuses.

Question 2: Should self-directed brokerage accounts be classified as one general type of investment? If not, please explain why.

Self-directed brokerage accounts should be classified as one general type of investment. Presenting these assets separately from other investment options that are selected and monitored by the plan sponsor provides useful information to both plan sponsors and participants. Furthermore, it is not necessary to present disaggregate disclosures for these investments in the financial statements of an employee benefit plan, as the information is not generally useful to the readers of the benefit plan financial statements. Rather, it is more useful at the participant level, and is available to participants in quarterly statements.

Question 3: Should the requirements in Topics 960, 962 and 965 to disclose investments that represent 5 percent or more of net assets available for benefits be eliminated? If not, please explain why.

We believe the requirements should be eliminated. Quarterly investment statements are more timely and suitable to identify concentrations and make investment decisions than annual audited financial statements. Furthermore, in the case of employee benefit plans that provide for participant direction of investments, concentrations over 5 percent or more of net assets are the result of decisions made by participants, rather than plan management, and are not meaningful in the aggregate.

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Question 4: If an investment is measured using the net asset value per share (or its equivalent) practical expedient in paragraph 820-10-35-59 and that investment is in a fund that files a Form 5500 as a direct filing entity, should the disclosure of that investment's significant investment strategies be required? If so, please explain why.

For funds that file a Form 5500 as a direct filing entity, disclosure of the investment's significant investment strategies should not be required. Public information on performance and investments within the fund is already reported in the Form 5500 and available to stakeholders.

Question 5: Should the requirements in Topics 960, 962, and 965 to disclose the net appreciation or depreciation for investments by general type be eliminated? If not, please explain why.

The requirements to disclose the net appreciation or depreciation for investments by general type should be eliminated since this information isn't generally useful to plan management. Investment performance is usually evaluated by individual investment or fund rather than by general investment type.

Question 6: Should the proposed amendments be applied retrospectively? If not, please explain why.

We believe the proposed amendments should be applied retrospectively to all periods presented.

Question 7: How much time would be needed to implement the proposed amendments? Should early adoption be permitted?

We believe the proposed amendments should be effective for plan years beginning on or after January 1, 2016 with early adoption permitted.

Question 8: Are there any other improvements applicable to employee benefit plan accounting that should be considered for purposes of further simplifying financial reporting for employee benefit plans (for example, are there other disclosures that should be eliminated, amended, or added)?

In the area of Notes Receivable from Participants, there is a separation between GAAP and tax accounting for participant loans "deemed distributed" under the provisions of Code Section 72(p) and Treasury Regulations Section 1.72(p)-1. The tax regulations apply consistently to all participant loans, whereas GAAP defers to the sponsor's individual employee benefit plan document to define a distributable event. Often the result is a participant loan that is no longer reported on the Form 5500, but is still carried as an asset available for benefits on the financial statements, with a reconciling footnote to the Form 5500.

The difference conceivably can be removed by recording an allowance against the receivable, but this is an imperfect solution, as the offsetting debit is unclear (bad debt expense? distribution?). We propose an accounting standard that would mirror the IRS regulations for determining when a distribution has occurred on a defaulted participant loan. This would achieve consistency in financial reporting for participant loans and simplify current accounting requirements, which vary according to each plan document.

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Conclusion

We appreciate the Board's objective to simplify accounting and disclosure requirements for employee benefit plans, and are in agreement with the proposed amendments.

Sincerely,

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Eide Bailly LLP