SVIA

May 18, 2015

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Fully Benefit-Responsive Investment Contracts File Reference No. EITF-15C – I and Plan Investment Disclosures File Reference No. EITF-15C – II

Dear Ms. Cosper:

The Stable Value Investment Association (SVIA) is pleased to respond to the Financial Accounting Standards Board on No. EITF-15C-I and EITF-15C-II. The Association appreciates the FASB Task Force's efforts to reduce complexity in financial reporting while improving the usefulness of information provided to users of the financial statements.

SVIA supports and has comments on the Exposure Drafts for Fully Benefit-Responsive Investment Contracts, File Reference No. EITF-15C – I and Plan Investment Disclosures File Reference No. EITF-15C – II.

SVIA is a non- profit organization dedicated to educating public policymakers and the public about the importance of saving for retirement and the contribution stable value funds can make toward achieving a secure retirement. As of December 31, 2013, SVIA members collectively managed $721 billion in stable value funds invested by more than 25 million defined contribution plan participants and beneficiaries. SVIA members represent every segment of the stable value investment community, including public and private retirement plan sponsors, insurance companies, banks and investment managers.

Our comments are attached to this letter. We appreciate the opportunity to comment. If you have any questions regarding SVIA's comments or would like to discuss them, please contact me at 202-580-7620.

Sincerely,

Gina Mitchell

Gina Mitchell
President, Stable Value Investment Association

Attachment: Comments on Fully Benefit-Responsive Investment Contracts File Reference No. EITF-15C – I and Plan Investment Disclosures File Reference No. EITF-15C – II

SVIA

Attachment

Comments on Fully Benefit-Responsive Investment Contracts File Reference No. EITF-15C – I
And Plan Investment Disclosures File Reference No. EITF-15C – II

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.

SVIA agrees with the Board's proposal that contract value is the most important and appropriate measurement attribute for fully benefit responsive investment contracts. Plan participants and beneficiaries are entitled to and transact at contract value, making it the most important and appropriate measurement for fully benefit responsive investment contracts. Elimination of fair market valuation will reduce costs, confusion and complexity associated with this valuation.

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.

SVIA agrees with the Board's proposal that disclosures relating to fair value measurements in 962-325-50-3 and 965-325-50-2 should eliminate disclosures related to fair value since contract value is the most important and appropriate measurement attribute for fully benefit responsive investment contracts. Contract value is what the plan and plan participants are entitled and transact at, making it the most important and appropriate measurement for fully benefit responsive investment contracts.

Further, SVIA encourages the Board to clarify that the elimination of fair value measurements and their subsequent disclosure applies to Topic 946-210-45 and 946-210-50, which addresses investment companies and is the accounting guidance that is typically followed for fully benefit responsive contracts used in stable value collective investment trusts and separate account GICs. This harmonization is consistent with FASB's goal of simplification and improving the usefulness of information provided to the users of financial statements. Without this harmonization, the proposed changes are not applicable to entities using the investment company standard, thus creating disparate reporting standards for similar assets in different types of reporting entities. Elimination of this complexity would increase the understanding of fully benefit responsive contracts and treat all fully benefit responsive contracts consistently and equitably.

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

SVIA does not believe additional disclosures are needed. Excluding the adjustment to fair value and related fair value disclosures that are proposed to be eliminated, the disclosure for fully benefit-responsive investment contracts contemplated with the FSP AAG INV-a, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Guide in 2005 have proven to be comprehensive and useful to users of the financial statements.

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

The SVIA believes the proposed amendments should be applied to all periods presented in the financial statement since this permits comparability across all periods. However, in the interest of simplification and reducing unnecessary costs, SVIA believes more guidance may be needed to clarify how FASB would retrospectively apply the proposed amendments to meet FASB's simplification goal. It would be counter to the simplification effort to retrospectively apply the proposed amendments if they require programming and accounting changes for past periods that could be addressed by prospective application.

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

We suggest that in order to provide adequate time to provide reliable financial information, the effective date of the amendment should be the plan year end that is no less than a year after the exposure draft is finalized; provided, however that early adoption should be permitted and encouraged if a plan can implement the change before this date.

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

SVIA fully supports the Task Force's efforts to simplify and make more effective investment disclosure requirements. To support this effort, we suggest that the illustration given on page 59 in "D. Guaranteed Investment Contracts with National Insurance Company" be broadened to clarify its application for all fully benefit-responsiveness investment contracts. As currently proposed, the illustration may be interpreted as only applicable to one type of benefit-responsive investment contract: guaranteed investment contracts issued by an insurance company.

Further, SVIA suggests the FASB incorporate language to address synthetic GICs within this illustration. Synthetic GICS are contracts or agreements with a bank or insurance company that provide principal preservation, benefit responsiveness, and a contracted rate of return relative to a portfolio of assets held in an external trust. They provide a periodic rate of return based on the actual performance of the underlying assets. Synthetic GICs differ from other stable value structures since the plan or fund directly own the underlying portfolio of assets.

SVIA suggests the following text for this illustration to clarify that it is applicable to all benefit responsive investment contracts including synthetic GICs. Suggested language/changes are underlined your convenience.

D. Fully Benefit Responsive Contracts

The Plan holds one or more fully benefit-responsive investment contracts issued by one or more financially responsible third parties. Contributions associated with such contract(s) may be held in the issuer's general account, a separate account or in a custodial account maintained by the Plan or Fund Sponsor. The issuer of each contract establishes a book value record for such contract which is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the investment contract(s) is/are fully benefit-responsive, the contract(s) is/ are measured at contract value. Contract value, as reported to the Plan by the/each issuer, represents contributions made under the contract, plus earnings, less participant withdrawals, and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer(s) or otherwise.

For synthetic GICs, where the Plan or Fund Sponsor own the underlying portfolio of assets, the underlying wrapped portfolio is reported at fair value, and related investment contract(s) is (or are) separately reported at an amount that equates to the unrealized gain or loss on the underlying securities. This results in a combined value of the investment contract(s) and the portfolio equivalent to the amortized cost basis of the portfolio, plus accrued and unpaid interest: contact value.

Certain events limit the ability of the Plan to transact at contract value. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA.
The Plan administrator believes that any events that would limit the Plan's ability to transact at contract value with participants are probable of not occurring.

The investment contract(s) do/does not permit the issuer(s) to terminate the contract(s) at less than book value [except for cause].