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May 18, 2015

Technical Director
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Via e-mail – director@fasb.org

Re: File Reference No. EITF-15C-I, *Fully Benefit Responsive Investment Contracts*, EITF-15C-II, *Plan Investment Disclosures*, and EITF-15C-III, *Measurement Date Practical Expedient*.

Proposed Accounting Standards Updates: Plan Accounting: *Defined Benefit Pension Plans* (Topic 960), *Defined Contribution Pension Plans* (Topic 962), *Health and Welfare Benefit Plans* (Topic 965)

Plante & Moran, PLLC appreciates the opportunity to comment on the proposed Accounting Standards Updates. We support the Financial Accounting Standards Board's ("Board's") continuing efforts to improve the relevance and understandability of employee benefit plan financial statements. Our firm audits over 1,200 employee benefit plan financial statements that report over \$175 billion of investments. We have a vested interest in ensuring plan financial statements provide the information needed by users in an understandable format, while making sure the costs of providing that information are justified by the benefits. Following, please find our responses to the specific Questions for Respondents in the proposed Updates.

Fully Benefit-Responsive Investment Contracts (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.

Response 1: Yes, we agree that the requirements should be eliminated. Given the nature of fully benefit-responsive investment contracts, contract value is the only measurement relevant to financial statement users and the reconciliation to fair value does not provide useful information.

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.

Response 2: Yes, we agree with the reduced and eliminated disclosures in the proposed Update as they only support a fair value measurement that is not relevant to the investment.

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

Response 3: No. The proposed reduced disclosures in paragraphs 962-325-50-3 and 965-325-50-2 provide the information needed by financial statement users to understand the nature and risks associated with the investments.

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

Response 4: Yes. The costs of retrospective application are not significant and there are benefits to having comparative information presented consistent with the current period.

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

Response 5: The time needed to implement the proposed amendments is not expected to be significant as it will largely be limited to modifying presentation and disclosures. We believe an effective date of years beginning after December 15, 2015 would be appropriate and that early adoption should be permitted.

Plan Investment Disclosures (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.

Response 1: Yes, we agree that investments should be disaggregated only by general type. While information regarding the nature, characteristics and risks of investments may be relevant to some financial statement users, we do not believe the time and cost associated with providing this information is justified.

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

Response 2: Yes. Because participants are directing the investments made in the brokerage accounts and the individuals have the appropriate information regarding the specific investments in the accounts, reporting investments in self-directed brokerage accounts as one general type of investment is appropriate in the plan's financial 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.

Response 3: Yes, we agree this disclosure requirement should be eliminated as it does not provide beneficial information to financial statement users.

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.

Response 4: No, we do not believe the additional disclosure adds value to the users of the plan's financial statements when the investment files a Form 5500 as a direct filing entity. Should a user be interested in information about the investment's strategies, that information is publicly available.

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 no, please explain why.

Response 5: Yes. The information is not significant or relevant to users for participant directed investments as they are provided their individual participant statements. For non-participant directed investments, users are primarily focused on investment balances and overall return (since they do not have control over the investment of the assets). Accordingly, disclosure of net appreciation or depreciation by general type does not have significant relevance to many financial statement users.

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

Response 6: Yes. The costs of retrospective application are not significant and there are benefits to having comparative information presented consistent with the current period

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

Response 7: The time needed to implement the proposed amendments is not expected to be significant; however, financial statement preparers, investment custodians, auditors and others will need time to update systems and templates. We believe an effective date of years beginning after December 15, 2015 would be appropriate and that early adoption should be permitted. In addition, we request the Board consider whether a plan could early adopt the proposed amendments in different periods for different types of investments. For example, the proposed amendments could be implemented for self-directed brokerage accounts in year one (prior to the effective date), with the proposed amendments adopted for other disclosure changes in year 2 (the required year of implementation). While this approach would not be consistent with how new guidance is typically implemented, we believe the ability to immediately implement the proposed changes for self-directed brokerage accounts would provide significant benefits in the form of cost savings and warrant a tiered implementation. The remaining changes would be best implemented in the aggregate after adequate time has been allowed to update programs, templates and tools, as well as provide adequate training to financial statement preparers and auditors.

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)?

Response 8: We offer the following additional recommendations to improve employee benefit plan accounting for the Board's consideration:

- a. We believe consideration should be given to eliminating the disclosure requirements of ASC

210-20-50, *Balance Sheet: Offsetting*, in benefit plan financial statements related to amounts subject to an enforceable master netting arrangement or similar agreement. These disclosures are often time consuming to prepare and audit and do not provide useful information beyond that information already required by ASC 815, *Derivatives and Hedging*. Furthermore, given the length of time that typically lapses before the financial statements of employee benefit plans are issued, most, if not all of the arrangements in place at the balance sheet date have already settled. For significant arrangements, any difficulties incurred during settlement would be disclosed as nonrecognized subsequent events under the requirements of ASC 855-10-50, *Subsequent Events*.

- b. We recommend the Board consider eliminating the fair value of financial instrument disclosure requirements in ASC 825-10-50, *Financial Instruments*, in benefit plan financial statements due to the nature and short maturity periods of financial instruments not carried at fair value (primarily contributions receivable and pending trades). We do not believe this information is relevant to users of benefit plan financial statements.
- c. We recommend the Board consider simplifying the method of accounting for contributions to defined benefit plans similar to the accounting for benefit payments, which are recognized on a cash basis. We believe contributions should be recognized either on a cash basis or on a modified cash basis with the ability to accrue additional contributions up to the amount of the minimum required contribution. We believe there is currently diversity in practice with benefit plans recognizing contributions on a cash basis, on a modified cash basis up to the minimum funding amount, or based on the contribution amount deducted on the employer's tax return.
- d. For plans that have multiple master trusts, the current guidance results in separate disclosures for each master trust. It is not uncommon for a large plan to have 6 to 8 master trusts and the required disclosures can be 10 to 15 pages in length. We do not believe the disaggregated disclosures are useful to financial statement users and may have a detrimental effect due to their length and complexity. We recommend the Board consider permitting the aggregation of master trusts when preparing disclosures in benefit plan financial statements.
- e. We recommend the Board consider simplification of the 401(h) disclosures in a health and welfare benefit plan when the investments of the defined benefit pension plan are in a master trust. Under the current guidance, the investment disclosures in the health and welfare benefit plan substantially duplicate those in the defined benefit pension plan. Given the nature of the 401(h) arrangement, we do not believe disclosure of the underlying details are necessary in the health and welfare plan statements. Reference to the disclosures in the defined benefit pension plan financial statements would be appropriate under the circumstances, as that information is publicly available.
- f. We recommend the following simplifications be considered related to the fair value disclosures under ASC 820, *Fair Value Measurement*, for employee benefit plans:
 - We recommend the reconciliation for Level 3 fair value measurements in paragraph 820-10-50-2(c) be eliminated for employee benefit plans. We do not believe that this information is relevant to users of benefit plan financial statements and it requires significant time to prepare and audit this information.

- Similarly, we recommend disclosure of the gains and losses for Level 3 fair value measurements in paragraph 820-10-50-2(d) be eliminated as this information is costly to prepare and audit and provides little relevant information to financial statement users.

g. Technical corrections:

- We believe paragraph 960-325-35-3 should be updated to continue to allow for the exemption of certain investment contracts entered into before March 20, 1992 from the fair value measurement requirement. Statement 110, paragraph 8 specifically allowed for deposit administration and immediate participation guarantee contracts (as described in paragraphs 114-119 of Statement 35) entered into before March 20, 1992 to be exempt from the fair value requirement.
- To simplify the Codification, we recommend that paragraphs 960-325-45-1, 962-325-45-6, 965-325-45-1 be eliminated as they duplicate the fair value disclosure requirements in ASC 820. These paragraphs (after amendments from the proposed ASU) state:

“Information regarding a plan's investments shall indicate whether reported fair values have been measured by quoted prices in an active market or are fair values otherwise determined.”

- Should the Board choose not to delete the paragraphs discussed above, we suggest the edits to paragraph 960-325-45-1 in the proposed Update also be applied to paragraph 965-325-45-1 for consistency purposes.

Measurement Date Practical Expedient (EITF-15C-III)

Question 1: Should employee benefit plans be allowed to apply a measurement date practical expedient to measure investments and investment-related accounts using the month-end that is closest to the plan's fiscal year-end when the fiscal period does not coincide with a month-end? If not, please explain why.

Response 1: Yes, we believe the measurement date practical expedient would be appropriate for use in employee benefit plan financial statements.

Question 2: Should plans only disclose (rather than recognize) contributions, distributions, and significant events that occur between the alternative measure date and the plan's fiscal year-end? If not, please explain why.

Response 2: Yes, given the unique nature of employee benefit plan financial statements, we agree that plans should only disclose contributions, distributions, and significant events that occur between the alternative measure date and the plan's fiscal year-end. We believe that any adjustments made to recognize these amounts would unnecessarily complicate the plan's financial statements and make reconciliations to the Form 5500 more difficult.

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Question 3: Should any other disclosures be required for plans that elect the practical expedient?

Response 3: No, we do not believe any other disclosures are required for plans that elect the practical expedient.

Question 4: Should the proposed amendments be applied prospectively? If not, please explain why, and what transition method you would propose.

Response 4: Yes, we believe the proposed amendments should be applied prospectively.

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

Response 5: The time needed to implement the proposed amendments is not expected to be significant. We believe an effective date of years beginning after December 15, 2015 would be appropriate and that early adoption should be permitted.

Thank you again for the opportunity to comment on the Exposure Drafts. 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@plantemoran.com or 248.223.3745 or Theresa Banka at theresa.banka@plantemoran.com or 248.223.3572.

Very truly yours,

PLANTE & MORAN, PLLC