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April 25, 2016

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

**RE: Proposed Accounting Standards Update, *Changes to the Disclosure Requirements for Defined Benefit Plans* (File Reference No. 2016-210)**

Dear Technical Director:

We appreciate the opportunity to comment on the proposed ASU, *Changes to the Disclosure Requirements for Defined Benefit Plans*. We support the Board's objective to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of information that is most important to users of an entity's financial statements.

KPMG's responses to selected Questions for Respondents are included in the Appendix to this letter. We believe that the preparers of financial statements are best positioned to respond to the other questions that the Board raised. This letter summarizes our key points.

**Level of Disaggregation of Disclosures**

We support the Board's proposal to disaggregate disclosures about domestic and foreign plans, and believe that disaggregated disclosures would provide useful information to financial statement users about foreign plans subject to regulatory requirements that may be unfamiliar to them. However, in certain circumstances, the resulting disclosures may not meet the objective described in paragraphs BC26 to BC28.

Paragraph 715-20-50-2 proposes to define *domestic plans* as "plans that cover employees in the parent entity's country." Under this proposed definition, an entity with material U.S. and non-U.S. plans, which has its functional headquarters and primary operations in the United States, but whose parent is a non-U.S. holding company, would disclose its U.S. plans as foreign. In this scenario, the aggregated foreign disclosures would not provide the level of disaggregation that U.S. financial statement users would need to distinguish between the U.S. plans and the non-U.S. plans, which may be subject to different regulatory requirements. Based on paragraph BC 27, we do not believe that this would be an intended consequence, and recommend that the Board clarify its proposed definition of domestic plans.

\* \* \* \* \*

If you have questions about our comments or wish to discuss the matters addressed in this comment letter, please contact Kimber Bascom at (212) 909-5664 or [kbascom@kpmg.com](mailto:kbascom@kpmg.com), Jeff Jones at (212) 909-5490 or [jeffreyjones@kpmg.com](mailto:jeffreyjones@kpmg.com), or Dan Langlois at (212) 872-3256 or [dlanglois@kpmg.com](mailto:dlanglois@kpmg.com).

Sincerely,

KPMG LLP

## Appendix – Responses to Selected Questions for Respondents

### Question 1:

**Would the proposed amendments result in more effective, decision-useful information about defined benefit pension and other postretirement plans? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about defined benefit pension and other postretirement plans? If yes, please explain why.**

Our comments address the two broad categories of changes to ASC Subtopic 715-20 in the proposed ASU – disclosures removed and new disclosures added.

#### *Disclosures removed*

We agree with the Board’s proposal to remove certain disclosures, as doing so would not eliminate decision-useful information about defined benefit pension and other postretirement plans.

#### *New disclosures added*

We agree with the Board’s proposal to add disclosures to Subtopic 715-20, as doing so would result in more effective, decision-useful information about defined benefit pension and other postretirement plans. As discussed in our cover letter, we agree with the proposal to disaggregate disclosures about domestic and foreign plans, but recommend that the Board clarify its definition of *domestic plans*.

### Question 2:

**Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?**

We believe that the proposed disclosure requirements are auditable as the additional information is generally readily available and verifiable. We believe that the Board should seek views from preparers about the operability of the proposed disclosure requirements.

### Question 3:

**Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.**

We believe that the Board should seek views from preparers about the incremental costs they may incur when implementing the proposed disclosures and whether those costs are offset by other amendments or the ability to omit material information.

### Question 4:

**Are there any other disclosures that should be required by the Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.**

We identified no other disclosures that should be required by Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons.



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**Question 5:**

**Are there any other disclosure requirements retained following the review of Subtopic 715-20 that should be removed based on the proposed Concepts Statement or for other reasons? Please explain why.**

We identified no other disclosure requirements that the Board should remove from Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons.

We agree with the Board's decision to retain the requirement in subparagraph 715-20-50-1D(b) to disclose the components of net benefit cost, but it is unclear how this disclosure fits within the disclosure framework outlined in the proposed Concepts Statement. Because the disclosure requirements in subparagraph 715-20-50-1D(b) do not require an entity to disclose the line item presentation of the components, it is not clear how disclosing the components of net benefit cost meets the stated objectives of paragraph 715-20-50-1D to "provide financial statement users with information that is useful in assessing the underlying nature of the line item and how defined benefit pension and other postretirement benefit plans affect financial statement line items." Given that this is a project intended to test the disclosure framework, the Board should provide a rationale in the basis for conclusions to explain how disclosing the components of net benefit cost meets the stated objectives of paragraph 715-20-50-1D and how it constitutes the type of information to include in financial statement disclosures as outlined in the proposed Concepts Statement.

**Question 6:**

**How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic entities be different from the amount of time needed by public entities? Should early adoption be permitted? If yes to either question, please explain why.**

We believe that the Board should seek views from preparers about the time needed to implement the proposed amendments. We believe that the final ASU should permit early adoption, at least for the provisions of the proposed ASU that would remove disclosure requirements, as that would reduce unnecessary disclosures and related costs.

*Other editorial point:*

The first sentence of paragraph 715-20-50-5A states "A nonpublic entity shall provide disclosures required by this Subtopic to the extent material." Although this paragraph appears under the header "Disclosures by Nonpublic Entities," a nonpublic entity could reasonably infer that it must disclose all information required by the Subtopic, if material. We suggest clarifying that nonpublic entities should provide only those disclosures that the Subtopic identifies as being applicable to them. We propose amending the first sentence of paragraph 715-20-50-5A to read, "A nonpublic entity shall provide disclosures required by this Subtopic to the extent applicable and material."