



Mr. John Luddy  
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April 25, 2016

Technical Director, File Reference No. 2016-210  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Subject: Exposure Draft: Compensation – Retirement Benefits – Defined Benefit Plans –  
General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans

Dear Sir or Madam:

The Aerospace Industries Association (AIA) appreciates the opportunity to comment on the proposed Accounting Standards Update Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans (the “Exposure Draft or “ED”). AIA was founded in 1919 and is the premier U.S.-based trade association, representing more than 300 major aerospace and defense manufacturers and suppliers employing approximately 844,000 aerospace and defense workers. Our members represent the leading manufacturers and suppliers of civil, military and business aircraft, unmanned aircraft systems, missiles, space systems, aircraft engines, material and related components, equipment services and information technology.

We commend the Board for considering pension disclosures in the context of the broader disclosure framework project. We appreciate that the Board has proposed that certain items be removed from the disclosure including the aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets and the amounts in other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. We agree that these disclosures do not provide valuable information to users of the financial statements. We further recommend that the disclosure of the aggregate projected benefit obligation and aggregate fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets be removed from the disclosures because this information, presented in aggregate, does not provide meaningful information to the user. Sufficient disclosure of the projected benefit obligation and the fair value of plan assets are already included throughout the pension disclosures, including a year-to-year reconciliation of these amounts and detailed fair value leveling of assets by category.

The ED proposes adding certain disclosures for defined benefit and other postretirement plan disclosures. Because pension plan formulas are often complex and companies frequently maintain multiple benefit plans and benefit plan formulas for different employee populations, we believe the proposal to include a description of the nature of benefits provided, the employee groups covered, and the type of benefit plan formula can potentially lead to lengthy disclosures that do not necessarily provide insight into the complete financial statement. Many companies already include a general introductory paragraph in their defined benefit and other postretirement benefits disclosures – such as whether the company maintains defined benefit and/or other postretirement benefit plans, or whether the plans have been closed to employees hired after a certain date or benefit accruals have ceased entirely –which we believe provides the appropriate level of disclosure. In addition, users can refer to detailed information available from other publicly available sources, if necessary, including audited financial statements filed with the Form 5500 for ERISA plans and annual proxy filings. The effort and cost to provide these proposed disclosures would outweigh the benefits to the user of the financial statements. Therefore, we recommend that the Board eliminate these additional requirements.

The ED also proposes adding disclosures to provide a narrative description of the reasons for significant gains and losses affecting the benefit obligation or plan assets. Many companies already provide such a description as a part of Management's Discussion and Analysis of Financial Condition and Results of Operations. While we believe that providing information regarding the significant gains and losses affecting benefit obligations is appropriate, we believe that these items are already addressed. However, if the Board continues to provide guidance for this additional disclosure, we recommend that the Board clarify that this disclosure should be done on an aggregated plan basis rather than for each separate plan. We believe that disclosures at a more granular plan level would add unnecessary complexity to the disclosure that would not provide additional benefit to the user.

AIA and its member companies appreciate your consideration of our views. If you should have any questions, please feel free to contact Mr. Ronald J. Youngs of my staff at 703-358-1045, or myself at 703-358-1087.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Luddy". The signature is stylized and somewhat cursive.

Mr. John Luddy  
Vice President, National Security Policy