



**BB&T Corporation**

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Technical Director  
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Financial Accounting Standards Board  
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**Proposed Accounting Standards Update:  
Compensation – Retirement Benefits (Topic 715)  
Improving the Presentation of Net Periodic Pension Cost  
and Net Periodic Postretirement Benefit Cost**

We appreciate the opportunity to respond to the proposed Accounting Standards Update entitled *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (“the Exposure Draft”). BB&T Corporation and its subsidiaries (“BB&T”) offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing, and trust management.

We appreciate the opportunity to comment on the proposed updates. Our responses to the specific questions in the exposure draft are as follows:

**Question 1:** Should the service cost component be reported in the income statement apart from the other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 and be the only component eligible to be capitalized in assets? Why or why not?

BB&T does not believe the service cost component should be reported separately in the income statement from the other components of net benefit costs. Recently, the Board has made significant progress in simplifying accounting; however, this proposal represents a step backward. The proposed disaggregation introduces complexity without providing any decision useful information. The components in aggregate represent the cost of providing a benefit to employees. Disaggregating the income statement components is inconsistent with the balance sheet presentation of pension assets/liabilities. This proposal would result in an arbitrary shift of costs on the income statement that is inconsistent with how management views the pension benefit.

Management evaluates the pension cost based upon the aggregate components and does not break out the components of the net benefit cost for internal reporting because this is the most meaningful measure of the cost of providing this benefit to the Company's employees.

Finally, the components are already disclosed within the notes of the financial statements that sufficiently informs users of the financial statements that may be interested in the disaggregated information. Breaking them up on the income statement would simply add complexity and make the financial statements less useful for management. As the components are already disclosed, this complexity would not be providing any additional benefit to the users of the financial statements and would add confusion while introducing the potential for lack of comparability as the line items for the other components is not specified.

However, BB&T would support an update providing clarification that all components of net benefit costs should be reported as a component of compensation expense. This would promote consistency in reporting and the comparability of financial statements.

Consistent with our thoughts above, BB&T also believes that all components of the net benefit costs should be eligible to be capitalized in assets.

**Question 2:** Would it be useful to require presentation of the prior service cost or credit component separately from the other components? Should all of the components of net benefit cost other than the service cost component (for example, the prior service cost or credit component) be presented outside a subtotal of income from operations, if one is presented? Why or why not?

As noted above, BB&T does not believe it would be useful to require presentation of the prior service cost or credit component separately from other components as these components are already separately disclosed in the notes to the financial statements. In addition, the components of net benefit cost other than the service cost component should be reported consistent with the related compensation expense as such components are directly related to the cost of providing a benefit plan, which is a cost of compensating the Company's employees.

**Question 3:** Would it be useful to require presentation of the net amount of the interest cost component and expected return on plan assets separately from the other components of net benefit cost to improve convergence with International Financial Reporting Standards or for other purposes? Why or why not?

As noted above, BB&T does not believe it would be useful to require separate presentation of the components of net benefit costs as these components are already disclosed in the notes to the financial statements and, in aggregate, represent a cost of compensating the Company's employees for the services it receives. BB&T does not believe it is beneficial to converge with IFRS at the cost of adding complexity to U.S. GAAP.

**Question 4:** Would the proposed amendments improve the usefulness of financial information provided to users? Why or why not?

As noted above, BB&T does not believe the proposed update would improve the usefulness of financial information provided to users as the information is already disclosed in the notes to the financial statements.

**Question 7:** How much time would be necessary to adopt the proposed amendments? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Why or why not?

The information needed to comply with the proposed update is already included in the notes to the financial statements. Therefore we would not expect to incur any significant time to adopt the proposed standard.

**Question 8:** Should the proposed amendments be applied retrospectively for the presentation of the service cost component and other components of net benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net benefit cost in assets when applicable?

Considering this information is already included within the notes to the financial statements and the considerable effort required anytime a company retrospectively restates their financial statements, BB&T believes any proposed updates should only be applied prospectively. As no new information will be supplied as a result of this update, the benefits of retrospective adoption do not outweigh the costs that would be incurred.

**Question 9:** Should the disclosures of the nature and reason for the change in accounting principle be required in the first interim and annual reporting periods of adoption? Why or why not?

Yes, BB&T believes the nature and reason for the change in accounting principle should be required in the event the related changes are material to the financial statements.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

/s/ Brett Casey