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

Submitted via electronic mail to director@fasb.org

Re: File Reference: No. 2016-210, Exposure Draft: *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*

Dear Technical Director:

General Motors Company ("GM") designs, builds and sells cars, trucks, crossovers, and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. More information on GM and its subsidiaries can be found on our website at <http://www.gm.com>.

GM's defined benefit obligation is one of the largest for a private enterprise in the United States. As such, we appreciate 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 "Proposed ASU"). The Proposed ASU would primarily affect the pension footnote disclosures in our annual report on Form 10-K.

We support the Board's proposal to streamline disclosures; however, the Proposed ASU falls short of our expectations because we believe the Board should identify and focus on the core information representing the most important and decision-useful information necessary for financial statement users and use this as the basis to design a new set of disclosures aimed at achieving improved disclosure effectiveness. Currently, disclosures related to pensions and other postretirement benefit (OPEB) plans comprise approximately 15 percent of the space in the footnotes to our consolidated financial statements. We provide this level of disclosure to satisfy applicable accounting standards, but we believe that much of the information has limited utility for our investors. We understand this issue to be consistent across many multinational corporations. A few companies have gone so far as to separate the more meaningful information in one footnote and provide the rest in a supplemental footnote.

We believe the following statement by SEC Chair Mary Jo White is instructive:

“When disclosure gets to be ‘too much’ or strays from its core purpose, it could lead to what some have called ‘information overload’ — a phenomenon in which ever-increasing amounts of disclosure make it difficult for an investor to wade through the volume of information she receives to ferret out the information that is most relevant.”

The disclosure framework project provides the Board with a meaningful opportunity to simplify disclosures in the area of pensions and OPEB plans. We believe the Board’s goals may be best achieved by an amendment that would enable issuers to address ‘information overload’ and require issuers to clearly communicate decision-useful, or material, information relating to pensions and OPEB plans. To that end, we recommend the Board consider withdrawing or significantly amending the Proposed ASU. We propose that the project not simply reduce the volume of disclosures, but redesign them to be more transparent and better address the core issues that are decision-useful to financial statement users. We believe this can be accomplished without a comprehensive overhaul of the accounting guidance. I volunteer GM as a preparer participant in this effort, as we believe our financial statement users would benefit from such a project.

We believe there are a number of things the Board can do to simplify the current pensions and OPEB disclosure framework.

First, the Board should identify the decision-useful information that is critical to financial statement users, rather than applying a general framework. In our view, for most pension and OPEB plans, the decision-useful information is: 1) whether the plan is adequately funded, 2) the anticipated yearly funding requirements to provide benefits, 3) the gap (if any) between the first two items, 4) the next contribution due, and 5) the liquid investments available to provide those benefits. Identification of this decision-useful information promotes simpler, more meaningful disclosure.

Second, plan asset valuation and investment strategy disclosures should be simplified. Under current requirements, much of this information consists of ‘boilerplate’ language that satisfies general guidance requirements but is of little practical value to financial statement users. In fact, the Post-Implementation Review (“PIR”) Report on FASB Statement No. 157, *Fair Value Measurements* (codified in ASC 820), states that preparers and practitioners “cited concerns about disclosure overload” and “that some financial statement users think that most of the fair value information resulting from application of Statement 157 is not relevant or meaningful for employee benefit plans, not-for-profit organizations, and private companies.” We agree. In addition, the time and resources required to prepare this information are often significant and would represent a welcomed simplification to our process if these requirements were to be eliminated, while not reducing the information that is meaningful to our financial statement users.

Third, the Board should eliminate, as provided for in the Proposed ASU, the disclosure requirements related to the: 1) amount of accumulated benefit obligation for pension plans, 2) aggregate accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets, 3) amount and timing of plan assets expected to be returned to the entity, 4) information related to the June 2001 amendments to the Japanese Welfare Pension Insurance

Law, 5) related party disclosures about the amount of future annual benefits covered by insurance/annuity contracts and significant transactions between the employer or related parties and the plan, and 6) amount in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. These changes do not affect the decision-useful information in the financial statements and should be eliminated.

Fourth, the Board should consider simplifying the current pensions and OPEB disclosure framework by:

- reducing the fair value information required by ASC 820 and eliminating the fair value measurement leveling table for plan assets and the Level 3 fair value roll-forward table;
- reducing or eliminating the disclosure required by ASC 820-10-35-37 through 35-37A related to inputs and valuation techniques used to develop fair value measurements of plan assets;
- reducing or eliminating the disclosure requirements in ASC 715-20-50-1(d) regarding plan assets, including other items described as being pertinent to an understanding of the policies and strategies disclosed, such as investment goals, risk management practices, permitted and prohibited investments including use of derivatives, diversification, and the relationship between plan assets and benefit obligations;
- eliminating the disclosure requirements in ASC 715-20-50-1(d) to provide a description of the significant investment strategies of investment funds disclosed by class (following guidance in ASC 820-10-50-2B and meeting the objectives of ASC 715-20-50-1(d)(1) through 50-1(d)(5)); and
- reducing or eliminating the disclosure of information in ASC 715-20-50-1(f) relating to the benefits expected to be paid for funded plans given the information is not meaningful.

In addition to the above, we do not support the additional disclosure requirements outlined by the Proposed ASU. As a general matter, we do not believe any new disclosures should be added until the current disclosure requirements are revised to address the 'information overload' concerns expressed above. Moreover, we believe the added disclosures required by the Proposed ASU would not provide investors with meaningful information.

The Proposed ASU would require a description of the nature of the benefits provided, the employee groups covered and the type of benefit plan formula. This information is not useful to investors in multinational companies like GM that have multiple defined benefit plans with different benefit formulas in many different countries, including different benefit formulas for different groups within individual plans. Therefore, general disclosure requirements often do not provide information to make it possible for financial statement users to understand benefit formulas or details about individual plan costs or cash flows. As such, the aggregated descriptions and other information become overly general in nature and do not provide financial statement users meaningful or decision-useful information. Thus, we do not believe the disclosures in the Proposed ASU would represent an improvement to current disclosure requirements.

Regarding the expansion of the current disclosure requirement for quantitative and qualitative fair value information, we believe the information is redundant and not particularly useful to financial statement users. Further, as acknowledged by the Board in paragraph BC23, information is already provided in the individual pension benefit plan financial statements. Although employer financial statements are issued

earlier, there are rarely significant changes to the liquidity and unfunded commitment provisions of these investments between the time of issuance of employer financial statements and those of the individual benefit plans. Also, plans typically have adequate liquidity through assets included in Level 1 and Level 2 investments of the fair value hierarchy that generally represent a significant portion of the plan assets. Furthermore, the disclosure of liquidity terms and unfunded commitments would not enhance information about employer future cash flow impacts; as such cash flow demands are linked more to the benefit obligation and associated regulatory funding requirements, and not necessarily the underlying assets held to fund such obligations. An alternative approach related to future cash flow impacts is to enhance the pension plan funding requirement disclosure to include an increased number of years presented for expected future employer contributions as noted by the Board in paragraph BC22. This additional information is generally available for SEC registrants who must complete the Contractual Obligation and Other Long-Term Liabilities disclosure in their filings. Finally, it would consume an extensive amount of time to gather and prepare the information for international pension assets that may not be readily available. This information is contractual in nature and in general can only be obtained through annual surveys and detailed reviews of each individual investment's contracts/agreements that becomes a manual process required to be completed annually for disclosures we feel are redundant in nature.

In conclusion, we encourage the Board to take an innovative approach to overhauling pension and OPEB disclosures to address the 'information overload' plaguing entities today. We believe the Board should identify and focus on the core information representing the most important and decision-useful information required by financial statement users, and use it as the basis for a newly designed set of disclosures with a goal to eliminate or scale-back less meaningful information that obfuscates critical information and the understandability and usability of the information. We believe a vastly simplified and streamlined set of pension disclosures can be achieved by applying this focus on the most relevant and material information and address the core issues considered to be most important and decision-useful to financial statement users. This objective is essential to the stated goal of improving disclosure effectiveness. We believe the Board has a unique opportunity to make some innovative changes to pension and OPEB disclosure requirements that could improve disclosures in the pension and OPEB space in a very meaningful way. To that end, I again offer GM as a preparer participant in this effort, as we believe our financial statement users would benefit from such a project.

Thank you for the opportunity to provide comments and we appreciate the Board's consideration of the points outlined in this letter. Should you have any questions or need to discuss this letter, please contact me at (313) 667-3434.

Sincerely,

/s/ THOMAS S. TIMKO

Thomas S. Timko
Vice President, Controller, and Chief Accounting Officer
General Motors Company