April 26, 2016

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*

(File Reference No. 2016-210)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee at (212) 303-1058, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Joseph M. Falbo, Jr.
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE—*COMPENSATION—RETIREMENT BENEFITS—DEFINED BENEFIT PLANS—GENERAL (SUBTOPIC 715-20): CHANGES TO THE DISCLOSURE REQUIREMENTS FOR DEFINED BENEFIT PLANS*

(File Reference No. 2016-210)

April 26, 2016

<u>Principal Drafters</u>

Craig T. Goodman
Robert M. Rollmann
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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*

(File Reference No. 2106-210)

General Comments

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update – *Compensation-Retirement Benefits-Defined Benefit Plans-General (Topic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans* (proposed Update).

We are pleased to see that the proposed Update includes required disclosures for nonpublic entities regarding healthcare sensitivity and to see the requirement to disclose the reasons for significant gains and losses affecting the benefit obligation or plan assets. We find that financial statement preparers frequently are not transparent with regard to such matters, and while we tend not to be proponents of additional disclosures, we are advocates of additional disclosures when proposed amendments are decision-useful.

Specific Comments

We have the following responses to the questions posed in the proposed Update along with suggestions for the FASB's consideration.

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.

Response: We disagree with the proposed amendment to eliminate the disclosure of the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. We believe that disclosure of such amount is meaningful in estimating net periodic benefit cost for the following year. In particular, entities that are meeting debt covenants marginally will likely need to consider the amortization in discussions with their various stakeholders.

We concur with the balance of the proposed disclosure requirements being removed, and do not believe that they result in the elimination of decision-useful information.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

Response: Yes.

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

Response: We do not anticipate that the proposed disclosures will add any significant cost.

Question 4: Are there any other disclosures that should be required by Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

Response: We are not aware of any additional disclosures that should be considered.

Question 5: Are there any other disclosure requirements retained following the review of Subtopic 715-20 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

Response: We believe that publicly traded entity interim financial statement disclosure requirements in ASC 715-20-50-6 should not be required unless there has been a change from the information disclosed in the entities Form 10-K that is qualitatively and/or quantitatively material. Such disclosure requirements are reproduced below:

> **715-20-50-6** A publicly traded entity shall disclose the following information for its interim financial statements that include a statement of income:
>
> a. The amount of net benefit cost recognized, for each period for which a statement of income is presented, showing separately each of the following:
>
> 1. The service cost component
> 2. The interest cost component
> 3. The expected return on plan assets for the period
> 4. The gain or loss component
> 5. The prior service cost or credit component
> 6. The transition asset or obligation component
> 7. The gain or loss recognized due to a settlement or curtailment.
>
> b. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph 715-20-50-1E(c). Estimated contributions may be presented in the aggregate combining all of the following:
>
> 1. Contributions required by funding regulations or laws
> 2. Discretionary contributions
> 3. Noncash contributions.

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.

Response: Implementation time will vary by entity, but we do not believe that it will be significant; nor do we believe that the amount of time necessary for implementation will vary significantly between public and non-public entities having comparable benefit plans within the scope of the proposed Update. As we do not believe that the proposed Update eliminates decision useful information, we recommend that early adoption should be permitted.