

April 26, 2016

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

By e-mail: director@fasb.org

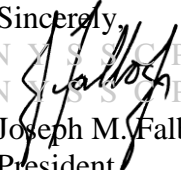
Re: Proposed Accounting Standards Update—*Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*

(File Reference No. 2016-200)

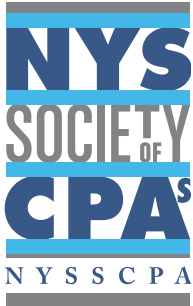
Dear Ms. Cospers:

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 (TOPIC 715): IMPROVING THE PRESENTATION OF NET
PERIODIC PENSION COST AND NET PERIODIC POSTRETIREMENT BENEFIT COST***

(File Reference No. 2016-200)

April 26, 2016

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Robert M. Rollmann
Margaret A. Wood**

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Ernest J. Markezin
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New York State Society of Certified Public Accountants

Comments on

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

(File Reference No. 2106-200)

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 (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (proposed Update).

We have been extremely supportive of the Board’s initiatives to simplify U.S. Generally Accepted Accounting Principles (GAAP); yet we find this proposed Update to be, in our view, a rather extreme divergence from such initiatives. We are not supportive of the proposed Update as we believe that it will add unnecessary complexity and cost to preparing financial statements for all entities without adding any tangible benefit.

The Board has proposed the Update “primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost” citing that “many stakeholders have observed that the presentation of defined benefit cost on a net basis combines elements that are distinctly different in their predictive value. As such, these stakeholders have stated that the current presentation requirement has less value and requires users to incur greater costs in analyzing financial statements. The reduced transparency in the presentation of net benefit cost also reduces the usefulness of financial information.” We believe that current GAAP provides stakeholders with the relevant information to evaluate the effect of defined benefit plans on the plan sponsor’s financial statements: to drastically change current GAAP to satisfy the expressed needs of some analysts at the expense of all entities does not make sense. Our views notwithstanding, should the Board decide to issue the proposed Update in final form, we believe that it should only apply to public business entities.

Specific Comments

We have the following responses to the questions posed in the proposed Update along with suggestions for the FASB’s consideration. We have limited our responses to those questions to which we have specific comments.

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?

Response: Having read the background section of the proposed Update, we are unconvinced that the change proposed would provide decision-useful information. We believe that including service cost apart from the other components of net benefit costs does not provide more meaningful information in the financial statements. Furthermore, many private companies have extremely little disaggregation of expenses in their statement of operations, and to mandate disaggregation is unjustified in our view. With respect to capitalization of costs, we believe that all components of net periodic costs, except for settlement and curtailment gains, should be eligible for capitalization. Generally, other components of net benefit cost (*i.e.*, amortization of prior service cost, transition obligations and actuarial gains/losses) are amortized into net periodic benefit cost over an extended period of time, and should not be classified separately in the statement of operations from other components of net periodic cost.

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?

Response: No. See our response to Question 1.

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 (IFRS) or for other purposes? Why or why not?

Response: We do not believe that the Board should create a requirement solely to converge with IFRS. Furthermore, if the Board views this as important, we believe it should limit application to public business entities.

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

Response: While the proposed Update may be useful to certain users of public entities' financial statements, as discussed under General Comments, we do not find any meaningful improvements to the usefulness of financial information provided to users of private and not-for-profit 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?

Response: Implementation time will vary by entity, however, should a final Update be issued as proposed, we believe that private entities and not-for-profit entities should have an additional

year to implement the proposed Update beyond the date that public entities are required to implement it.

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?

Response: As discussed above, we are unresponsive of the proposed amendments; however, should the proposed amendments become a final Update, we concur with the application methodology proposed.

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

Response: Yes, we believe that it is important to users of financial statements to understand the impact that a change in accounting principle has on the financial statements. We also believe that entities having no defined benefit plans subject to the provisions of this proposed Update should be exempt from this disclosure should they adopt such a defined benefit plan in the future.