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

File Reference Number: 2016-200

Dear Ms. Cosper,

Verizon Communications Inc. (Verizon) appreciates the opportunity 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*. Verizon, one of the world's leading providers of communication services, is a registrant with the SEC and is classified as a large accelerated filer.

While Verizon supports the Board's effort to improve the consistency, transparency, and usefulness of financial information provided to stakeholders, we believe this objective can be better achieved through a holistic review of current accounting standards on defined pension plans and other postretirement benefit plans rather than making revisions on a piecemeal basis.

The proposed requirement to present the service cost component separate from other components of net benefit cost in the income statement only clarifies where these amounts should be presented but it does not address some of the more fundamental aspects of the current accounting guidance that drive volatility and therefore results in less predictive value for stakeholders. Further, we believe current disclosure requirements (ASC 715-20-50-1) provide sufficient transparency with respect to the various components that comprise net benefit cost to enable stakeholders to assess their impact and significance. Therefore, we are not convinced that the proposed amendment will increase transparency or improve the usefulness of existing information by only mandating where certain components of net benefit cost are presented in the income statement. In fact, the proposed amendment could result in a significant change to operating income for those companies with material prior service cost/credits or actuarial gains/losses which may confuse stakeholders.

As noted above, in order to enhance predictive value, we believe the Board should reconsider the entirety of existing accounting standards in this area. For example, the proposed amendment's Background Information and Basis for Conclusions section acknowledges that the immediate recognition of gains and losses from the remeasurement of plan assets and defined benefit obligations can have a significant impact to net benefit costs. While we agree with the requirement to update the measurement of plan assets and obligations for changes in assumptions on a periodic (annual) basis, the impact of this remeasurement is exacerbated when it is also required at interim periods such as when a significant settlement or curtailment event takes place. The additional volatility to the income statement, which may offset from one interim period to the next, does not help stakeholders prepare more robust analyses but instead adds unnecessary complexity to an already complex area of accounting. Lastly, the need to remeasure at interim periods also results in additional costs and effort that a company will incur. For these reasons, we believe the Board should reconsider the current accounting framework for defined pension and other postretirement benefit plans to address not only presentation requirements but also recognition and measurement matters.

Thank you for the opportunity to comment. We would be pleased to discuss our comments and responses in more detail with members of the Staff or Board.

Respectfully submitted,

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