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Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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July 14, 2016

Re: Exposure Draft – Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment
File Reference No. 2016-230

Dear Ms. Cosper:

MetLife, Inc. ("MetLife" or "we") appreciates the opportunity to provide comments on the FASB's Exposure Draft, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* (the "Exposure Draft"). MetLife is a global provider of life insurance, annuities, employee benefits and asset management. Serving approximately 100 million customers, MetLife has operations in nearly 50 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

We support the amendments in the proposed guidance to eliminate Step 2 from the goodwill impairment test. The current two-step model to test goodwill for impairment is often very costly and complex, particularly when it is necessary to determine the fair value of all assets and liabilities for a reporting unit under Step 2. The proposed amendments will reduce the cost and complexity of goodwill impairment testing and still result in information that is useful for investors in decision making.

Responses to the questions in the Exposure Draft are provided in the Appendix below for your consideration.

We appreciate the opportunity to comment on the Exposure Draft and offer our perspective. If you have any questions on the contents of this letter, please do not hesitate to contact me.

Sincerely,

Peter M. Carlson
Executive Vice President and
Chief Accounting Officer

cc: John C.R. Hele

APPENDIX

Question 1: *Do you agree with the proposed amendments to eliminate Step 2 from goodwill impairment test? Why or why not?*

MetLife supports the proposed amendments to eliminate Step 2 from the goodwill impairment test. Step 2 requires an entity to perform a hypothetical purchase price allocation methodology, the same process the entity used to initially measure goodwill recognized in the financial statements upon acquisition to determine the implied fair value of goodwill and the amount of goodwill impairment. This is a complex, costly and time consuming process. The proposed one-step model would require only the reporting unit's fair value and not the fair value of all its associated assets and liabilities. Under Step 1, the fair value of the reporting unit is compared with its carrying amount, including goodwill. In Basis of Conclusions paragraph 13, the Board acknowledges that the sole use of Step 1 to determine impairment will result in a less precise measurement of impairment and notes that users of financial statements are not that concerned with the precision of the impairment measurement, rather if an impairment charge is warranted. MetLife does not believe that the increase in precision of applying Step 2 is justified. If the measurement of goodwill impairment under Step 2 was preceded by a less costly screen test, i.e. Step 1, to identify potential goodwill impairment, then the cost of measuring goodwill impairment using a purchase price allocation methodology would be justified. However, the screen test under Step 1 is costly in terms of internal resources required and, when necessary, external valuation specialists. The elimination of Step 2 will result in a reduction of cost and complexity for entities with reporting units that fail Step 1 that otherwise would be required to perform Step 2.

In the event of failing Step 1, we believe that preparers should have the option to apply Step 2 to a reporting unit if management believes its goodwill is supportable. This would be combined with financial statement disclosures that would require entities to disclose when a reporting unit has failed Step 1 and whether it applied Step 2 to calculate the implied fair value of goodwill and the amount of the goodwill impairment, if any.

Question 2: *Should the requirement to perform Step 2 of the current goodwill impairment test be retained as an option? Why or why not? If the use of Step 2 is optional, should an entity be allowed to apply that option by reporting unit or should it be a policy election at the entity level to all reporting units?*

MetLife would support an accounting standard update that allows companies the option to apply Step 2 to a given reporting unit if management believes its goodwill is supportable. Under the current guidance, a reporting unit can fail Step 1 of the goodwill impairment test, but a determination under Step 2 may result in no goodwill impairment. We believe in cases where there is an indication of goodwill impairment and particularly in cases where management believes that its goodwill is fully supportable, it is justifiable to use a methodology that produces a better estimate of goodwill impairment.

If the Board were to make Step 2 optional, we believe that it should require an entity that selects this option to make the same election for all its reporting units. That would ensure that the entity is using a consistent same method across all reporting units to measure goodwill impairment.

Question 5: *Should the guidance on deferred income tax considerations when determining the fair value of a reporting unit outlined in paragraphs 350-20-35-25 through 35-27 and illustrated in Example 1 and Example 2 be retained, or should this Subtopic rely on the fair value guidance in Topic 820, Fair Value Measurement? If the guidance on the tax structure is retained, what, if any, amendments are necessary to address the potential difference in the impairment charge calculated under the proposed amendments, depending on which tax structure is used in calculating the fair value of the reporting unit?*

We believe that the guidance on deferred income tax considerations when determining the fair value of a reporting unit outlined in paragraphs 350-20-35-25 through 35-27 and illustrated in Examples 1 and 2 should be retained. ASC 350 relies on ASC 820's definition of fair value which is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Any valuation technique used to measure fair value should incorporate the principles of ASC 820. The impact of tax considerations is inherent in the fair value measurement. Applying the concepts of the fair value guidance in ASC 820 would provide an appropriate framework and we believe that the conclusion would be the same.

Question 6: *Do you agree that the proposed guidance to remove Step 2 from goodwill impairment test should be applied prospectively? Should there be specific transition guidance for companies that previously adopted the goodwill accounting alternative for private companies in current GAAP but decade to adopt this proposed guidance after it becomes effective?*

We agree that the proposed guidance to remove Step 2 from the goodwill impairment test should be applied prospectively. Applying the guidance retrospectively would not be feasible.

Question 7: *How much time would be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public entities be different from the amount of time needed by publicbusiness entities?*

We believe the amendments could be adopted quickly since the proposed amendments would reduce the time needed to perform goodwill testing by removing Step 2. Early adoption should be permitted.

Question 8: *Would the proposed amendments meet the Board's objective of reducing the cost of the subsequent accounting for goodwill while maintaining the usefulness of the information provided to users of financial statements? Why or why not?*

We believe the proposed admendments would meet the Board's objective of reducing cost and complexity of accounting for goodwill while still providing useful information to financial statement users.

Question 9: *Are there additional changes that should be made to the subsequent accounting for goodwill to meet this objective, including changes that might be considered in Phase 2 of the Board's project?*

We acknowledge that the Board has already taken steps towards simplifying goodwill impairment test with the issuance of the qualitative assessment guidance and this proposed guidance. We believe that, once this proposed guidance is issued and implemented, the Board should evaluate the impact on goodwill impairment testing before considering further changes. The Board should consider requiring impairment testing upon a triggering event only.

Question 10: *Are there any unintended consequences resulting from the improvements to the Overview and Background Sections of the Subtopics (discussed in Part II of the proposed amendments)?*

We did not identify any unintended consequences resulting from the improvements to the Overview and Background Sections of the Subtopics discussed in Part II of the proposed amendments.