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**Peter M. Carlson**  
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December 1, 2016

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

**Re: File Reference No. 2016-340**

Dear Ms. Cospers:

MetLife, Inc. (“MetLife” or “we”) appreciates the opportunity to provide comments on the FASB’s Exposure Draft, *Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20)* (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.

MetLife commends the Board on its efforts to shorten the amortization period for premiums on callable securities. MetLife agrees that shortening the amortization period would more closely align the amortization period of premiums and discounts to expectations incorporated in market pricing on the underlying securities. Additionally, accelerating the amortization of premiums would more closely align the recognition of interest income with the economics of the underlying instrument. As a result, MetLife agrees that shortening the amortization period will improve the usefulness of the information provided to users of financial statements.

MetLife supports the FASB’s proposal to accelerate the amortization of premiums on purchased callable bonds. However, MetLife believes that premiums should be amortized using the yield-to-worst (YTW) methodology rather than to the earliest call date. Frequently, callable bonds have various call dates and prices (i.e., call tables). The YTW methodology considers contractual call tables when identifying the call date and price a premium should be amortized to in order to recognize the worst yield. As an insurance company, MetLife is subject to statutory regulatory requirements, which require premiums to be amortized using the YTW method. The application of YTW on a U.S. GAAP basis would better align with our current statutory requirements.

We appreciate the opportunity to comment on the Exposure Draft and offer our perspective. We have also attached our responses (see Appendix) to the questions contained in the Exposure Draft. If you have any questions on the contents of this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "P. M. Carlson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Peter M. Carlson  
Executive Vice President and  
Chief Accounting Officer

cc: John C.R. Hele  
Executive Vice President and  
Chief Financial Officer

## Appendix

Set forth below are our specific comments with respect to the questions in the Exposure Draft.

**Question 1: Do you agree that premiums on purchased callable debt securities should be amortized to the earliest call date? Please explain why or why not.**

We agree that the amortization of premiums on purchased callable bonds to maturity date is not appropriate and should be accelerated. However, amortizing premiums on callable bonds to the earliest call date incorrectly assumes that all bonds have contractual call prices equal to par. The yield-to-worst (YTW) methodology appropriately considers all call dates and prices for a bond and more adequately reflects the bond's economics. The YTW and yield to earliest call date methodologies may not always produce the same result. MetLife also supports YTW because it is consistent with insurance regulatory requirements.

**Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?**

As stated above, MetLife is already applying the YTW methodology for insurance statutory accounting purposes. Therefore, if YTW were to be adopted for U.S. GAAP purposes, MetLife would not need a significant amount of time to adopt the guidance and agrees that one year would be sufficient. However, if the FASB were to adopt the yield to earliest call date methodology, we believe more time would be needed for implementation. We agree that early adoption should be permitted.

**Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1(c)? Please explain why or why not.**

MetLife agrees with the transition method of a cumulative-effect adjustment to opening retained earnings in the statement of financial position as of the date of adoption. We also support disclosure of a change in accounting principle.