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**To:** Director - FASB <director@fasb.org>  
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**Question 5:** GAAP generally prohibits *backwards tracing*, which is the process of recognizing the effects of changes in deferred tax amounts in the current year in the same line item in which the deferred tax amounts were originally recognized (for example, other comprehensive income) in prior years. The Board did not allow backwards tracing as part of this project and is currently researching the merits of a broader project on backwards tracing. Should the Board add a broader project on backwards tracing to its active agenda? If so, why? Additionally, should the following alternatives to backwards tracing be considered in that broader project? If so, why?

Yes. Our institution is simple and we have never had any reconciling items between OCI and RE or Income. Our only AOCI item is unrealized gains/losses on securities. It seems to me that if the items in question (unrealized gains/losses) results in a change in OCI, then the tax change associated with that item should also flow through OCI. I don't see how that somehow becomes normal income or should be an adjustment in RE. What happens when we have tax changes in the future? Do we have to adjust RE again? Seems like an extra account to keep up with outside of AOCI. I think this should just be left at the AOCI level and if it's complicated for the guys who had prior differences, that is their problem. There is no reason to make a current mistake to cover up past mistakes. Keep it simple and allow only AOCI/OCI be affected by this change, especially for all the institutions that have no prior differences.

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