June P Howard
Senior Vice President & Chief Accounting Officer
Aflac, Inc.
1932 Wynnton Road
Columbus, GA 31999

January 29, 2018

Ms. Susan M. Cosper
Technical Director
File Reference No. 2018-210
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856- 5116

Re: File Reference No. 2018-210 Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

Dear Ms. Cosper,

Aflac Incorporated ("Aflac") welcomes the opportunity to share with you our views regarding the Proposed Accounting Standards Update Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("proposed ASU"). Aflac acknowledges and appreciates the goal of the Financial Accounting Standard Board ("FASB", or "the Board") to eliminate the "stranded" tax effects associated with the change in the federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017 ("Tax Act") and improve the usefulness of information reported to financial statement users.

Aflac is a general business holding company and acts as a management company, overseeing the operations of its subsidiaries by providing management services and making capital available. Its principal business is supplemental health and life insurance, which is marketed and administered through its subsidiary, American Family Life Assurance Company of Columbus (Aflac Columbus), which operates in the United States ("Aflac U.S.") and as a branch in Japan ("Aflac Japan"). Most of Aflac's policies are individually underwritten and marketed through independent agents. Additionally, Aflac U.S. markets and administers group products through Continental American Insurance Company (CAIC), branded as Aflac Group Insurance. Our insurance operations in the United States and our branch in Japan service the two markets for our insurance business.

Aflac offers voluntary insurance policies in Japan and the United States that provide a layer of financial protection against income and asset loss. We continue to diversify our product offerings in both Japan and the United States. Aflac Japan sells voluntary supplemental insurance products, including cancer plans, general medical indemnity plans, medical/sickness riders, care plans, living benefit life plans, ordinary life insurance plans and annuities. Aflac U.S. sells voluntary supplemental insurance products including products designed to protect individuals from depletion of assets (accident, cancer, critical illness/ care, hospital intensive care, hospital indemnity, fixed-benefit dental, and vision care plans) and loss-of-income products (life and short-term disability plans).

Our general comments regarding the matters addressed in the proposed ASU are as follows:
Currently, deferred tax assets (DTAs) and liabilities (DTLs) must be adjusted upon enactment of changes in tax law or rates with changes recorded in net income from continuing operations, even when the corresponding deferred taxes relate to items recorded in accumulated other comprehensive income (AOCI). This results in a misalignment of DTAs and DTLs (reflected at the new rates) relative to the corresponding income tax effects in AOCI that continue to be reflected at the tax rates effective prior to the enactment of changes.

Aflac strongly supports the proposed ASU and is in favor of allowing early adoption. We believe that the reclassification of the “stranded” tax effects from AOCI to retained earnings is appropriate and provides a more transparent presentation in the financial statements than the current guidance.

Our comments regarding Questions for Respondents are as follows:

Question 1: Do you agree with the amendments in this proposed Update that would require a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate? If not, why?

Yes, we agree with the amendments in the proposed ASU that would require a reclassification from accumulated other comprehensive income to retained earnings of stranded tax effects resulting from the newly enacted federal corporate income tax rate.

Question 2: Are the transition requirements appropriate? If not, what transition approach is more appropriate and why?

Yes, we believe the transition requirements of the proposed ASU are appropriate.

Question 3: Do you agree that early adoption should be permitted?

Yes, we agree that early adoption should be permitted.

Question 4: Do you agree with the proposed effective date? If not, what effective date is more appropriate and why?

Yes, we agree with the proposed effective date.

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?

- **a. Accounting for the release of the stranded tax effects from accumulated other comprehensive income**
- **b. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with prior changes in other tax rates (for example, state and local taxes)**

c. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all future changes in tax rates.

We believe that the FASB should add a broader project on backwards tracing to its active agenda and that each of the alternatives above should be considered in that broader project. Allowing the use of backwards tracing would correct the issue existing under the current guidance of creating "stranded" tax effects within AOCI upon changes in income tax rates such that it would align deferred income tax amounts with the corresponding items within AOCI, both reflected at the appropriate tax rates.

Currently, the proposed ASU is only effective as a one-time event due to the significant change in federal corporate income tax rates created by the Tax Act. Aflac believes the FASB should provide guidance that is applicable to all previous and future changes in tax rates, with the goal of resetting AOCI balances to current enacted tax rates. Providing such guidance will improve the usefulness of information reported to financial statement users.

Conclusion

We appreciate the opportunity to share the opinions of Aflac with the Board regarding this proposed ASU. If you have any questions or concerns regarding our comments please feel free to contact June Howard, SVP and CAO, or Marzena Wright, VP, Accounting Policy, Investment Accounting, & Capital Advisory at 212-510-4629 or MWright2@aflac.com.

Sincerely,

June P. Howard

June P. Howard
Senior Vice President and
Chief Accounting Officer