

Katz & Stephens, P.C.  
Certified Public Accountants

Letter of Comment No: 7  
File Reference: FSPAAGINVA  
Date Received:

September 12, 2005

Mr. Lawrence Smith  
Director of Technical Application and Implementation Activities  
Financial Accounting Standards Board  
401 Merritt  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: File Reference FSP AAG INV-a.

Dear Mr. Smith:

Katz & Stephens P.C. is pleased to respond to the FASB on the above proposed FSP, in support of the commentary letter by the Stable Value Investment Association (SVIA), adding emphasis to their comments on the effective date, and grandfathering of non defined contribution assets, while presenting our own view regarding sensitivity analyses.

#### Effective Date

The SVIA comments approach this issue from a systems and implementation viewpoint. From an auditing perspective more time is required to develop the procedures necessary to audit the new disclosures as well as the methodologies for valuing wrapper contracts. We believe the funds must have at least a year to work out the complexities required before effective audit planning and procedures can be achieved.

#### Grandfathering Non-Defined Contribution Assets

We offer the additional concept of a grandfather clause as stated by SVIA coupled with a two year orderly liquidation of non-defined contribution retirement investors after which time all non-defined contribution retirement investors must be out of the fund.

#### Sensitivity Analyses

The FSP, in paragraph 7(c) requires disclosure of two sensitivity analyses. We can find no other examples of required sensitivity analyses in the AICPA Audit and Accounting Guide - Investment Companies. The contracts in question are a form of debt, no less stable than bonds, which require no sensitivity analyses. While the analyses may provide some relevant information to financial statement readers, there is no guarantee that the effects of the hypothetical changes will occur as projected if the events actually transpire. Additionally, these analyses may provide the message that investment in GIC funds are riskier than investment in bond funds because of the requirement for sensitivity analyses, which is not required in a bond fund. We, therefore, propose that this requirement be dropped completely. From an auditing aspect, should the requirements not be

dropped, we feel that the sensitivity analyses are a form of prospective financial information based on hypothetical assumptions and accordingly, should require additional wording in the auditors' report drawn from the reporting requirements for prospective financial statements. This would give the auditor some protection in the event the actual results did not match the projection (sensitivity analyses).

We appreciate the opportunity to comment. If you have any questions regarding our comments or would like to discuss them please contact me at 212-268-4687.

Sincerely,

Katz & Stephens CPAs, P.C.

A handwritten signature in cursive script that reads "Gayle Stephens CPA". The signature is written in black ink and is positioned above the typed name.

Gayle Stephens CPA