Letter of Comment No: 29 File Reference: 1025-300

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From: Roger Strauss [mailto:RStrauss@IPPI.ORG]

Sent: Tuesday, May 16, 2006 4:26 PM

To: Director - FASB

Subject: Response to proposal making organizations recognize their under/over funded position

on retirement benefits.

Dear Sir/Madam: I am seventy years old and depend on my health plan retirement benefit as a supplement to my Medicare. I worked for a small-to-modest community mental health center for 30 years. That center had no pension or retirement plan to which I could have contributed. Instead they encouraged us to continue working for them and promised that after working a certain number of years and reaching a certain age, should we retire, we would be able to continue in their health plan, which was very good, at the same cost as their regular employees. That benefit has been a great boon to myself and my wife.

This is not a wealthy organization and currently has 15 other retirees in my situation. The annual cost to the corporation of these 15 comes to about \$150,000 a year, an expense the organization can well afford. There are about 15 others, currently working for the organization, who have worked the requisite number of years and are of an age when, if they choose to retire, they may do so and receive the health benefit. These latter 15 are still employed.

Their accountant has told them that under this new ruling they must take the actuarial lifespan of each of the retirees and spouses, multiply the years remaining by the average cost of the plan per employee, and multiply that amount by 30+ (including the 15 who are already taking advantage of the plan and their spouses and the 15 employees who could retire and take advantage of the plan and their spouses). This comes to thirty million dollars which must be set aside and is absolutely crazy for a non profit organization with an operating budget of 28 million and a usual end of the year surplus of \$200-300,000 at most. As a result-while they could afford to cover our annual medical costs on an ongoing basis, they cannot begin to put aside 30 million dollars. We 15 retirees have been told the plan will not be available to us after June, 2007 and the current employees who have reached eligibility status but are still working for the corporation have been told that the Retirement Health Benefit is no longer available to them.

A retirement health plan is not like a pension where I and the company put in money that should be invested and not spent for annual, operational expenses. While I understand why you might want to separate out the cost of the retiree's part of the health benefit from those of the employees, I do not see why you need to require they put all that money aside up front as if it were a pension. Many, many non-profits who could not afford pension plans and who could afford to offer their staff a health retirement benefit will now be forced to drop us because of this requirement. Please either reconsider making them put aside all this money or tell me that my (and their) interpretation of this regulation is incorrect. Thank you for your time on this matter.

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