

Esther Mills
First Vice President
Accounting Policy
(212) 449-2048

Merrill Lynch & Co., Inc. 4 World Financial Center New York, New York 10080

Letter of Comment No: 23
File Reference: FSPAAGINVA

Date Received:

September 19, 2005

Mr. Lawrence Smith
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference FSP AAG INV-a, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide

Dear Mr. Smith:

Thank you for the opportunity to comment on the proposed FSP AAG INV-a, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide. Merrill Lynch has approximately \$10 Billion in stable value assets under management. A great majority are held in our collective investment trust – The Merrill Lynch Retirement Preservation Trust (RPT). Approximately 2,800 plans invest in RPT ranging from very small employer plans to very large employer sponsored defined contribution plans. The RPT has been in existence since September 1989 and is one of the larger stable value collective trusts in the stable value fund industry.

In general, we support the issuance of this FSP as we agree with the fundamental principle that for stable value funds that meet the definition of being fully benefit-responsive, contract value is the appropriate and relevant measure.

Merrill Lynch is a member of the Stable Value Investment Association (SVIA), a non-profit organization dedicated to educating the public about the contribution stable value funds can make towards achieving a financially secure retirement. We would like to express strong support of the issues raised in the SVIA comment letter to the FASB on this proposal, including the request to delay the effective date by one year. In addition, we would like to recommend the following refinements:

• Paragraph 11e(1) requires a sensitivity analysis of the effect on the average crediting rates under scenarios where there is an immediate hypothetical

increase or decrease in interest rates with no change in the duration of the underlying investment portfolio and no contributions or withdrawals. For this disclosure to be useful, the hypothetical changes in interest rates should be replaced with hypothetical changes in market yields. In addition, the calculation should incorporate convexity, duration and spread changes in the underlying portfolio as it is necessary to consider these factors in order to have a meaningful impact on the crediting rate.

- We would like to bring to your attention that the sensitivity analyses in 11e(1) and 11e(2) represent extreme scenarios that may not be realistic.
- We are comfortable with the current language in paragraph 13 regarding scope of the guidance and would request no change.

Once again, we appreciate the opportunity to provide our comments to you. Please contact Laura Powers, Portfolio Manager for our stable value funds at 609-282-2109 or me with any questions on our comments.

Sincerely,

/s/ Esther Mills

Esther Mills
First Vice President