



# CITY OF DECATUR ILLINOIS

#1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523-1196

Letter of Comment No: 51  
File Reference: AICPA ICG

January 28, 2005

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

Dear Mr. Smith:

We have learned that the AICPA Investment Companies Expert Panel and Accounting Standards Executive Committee recently provided you with an issues paper requesting guidance on generally accepted accounting principles for valuing fully benefit responsive investment contracts held by non-registered investment companies (commingled stable value funds).

Our plan would like for you to consider the impact that your decision will have on thousands of small and medium plan investors nationwide who are only able to realize the full benefits of stable value by investing through commingled stable value funds. Stable value funds are an integral component of our retirement programs for hard-working public sector employees.

Stable value has been and continues to be a popular investment option for our plan participants as it provides them with returns that are similar to an intermediate bond fund with risk levels comparable to a money market fund. The funds provide an essential balance against the risk of equity funds in long-term portfolios. Stable value's attractiveness as an investment option stems from returns that average 2% - 4% above money market instruments, without a corresponding increase in risk. Currently, our plan's stable value assets are invested in the Vantage Trust PLUS Fund managed by the ICMA retirement Corporation.

We believe that it is imperative to preserve the current commingled stable value fund accounting treatment for fully benefit responsive investment contracts, as commingled funds are the only vehicle that will allow small plans like ours to realize the diversification and portfolio efficiency (lower risk and higher return) of large plans.

In our opinion, an unfavorable decision by the Financial Accounting Standards Board (FASB) would have a disparate impact on small and large defined contribution plans. The expected differences would be reflected by unequal performance, risk and cost profiles for large and small plans.

It is important to note that stable value funds have a history of being an efficient and beneficial investment for defined contribution investors. No investor has ever experienced a loss from a stable value investment. There is no reason to change the investment accounting standards for these funds.

As a public sector employer, we encourage the FASB to consider the public policy and social impact of its decision. An unfavorable ruling will place small- and mid-sized plans at a competitive disadvantage to large plans. It will also lower the retirement investment returns of thousands of workers serving small and medium-sized towns, counties and other public sector entities throughout America.

We urge you to allow stable value funds to continue meeting the retirement needs of our employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerard J. Bauer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gerard J. Bauer  
Director of Management Services  
City of Decatur, Illinois

GJB/jc