

**MIDDLETON COMMUNITY BANK**  
3207 W. Beltline Highway  
Middleton, WI 53562  
(608)824-3216



LETTER OF COMMENT NO.

67

Mr. Lawrence W Smith  
Chairman of Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856-5116

Dear Mr. Smith

This letter is in regard to the draft abstract for the EITF Issue No. 06-4 "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance arrangements.

Middleton Community Bank strongly disagrees with the recommendations of the draft abstract. Under the draft abstract the bank would be required to record a liability and its corresponding expense on the bank's books. This liability is not a liability of the bank. In addition it is a liability that will never be paid by the bank. The sole liability remains with the insurance company under the policy endorsement. The endorsement means that the insurance company is obligated to pay the split-dollar benefit to the employee's beneficiary, not the owner of the policy. The bank would not have the benefit without the insurance

The bank is currently reflecting the expense of the policy by charging the mortality expense each month against the cash value of the policy. Adopting the draft proposal would result in the bank doubling up its expense.

The proposal if adopted would reduce our capital immediately for no reason. Then when the insured dies the bank would show a gain, thus distorting at least two different accounting periods and financial statements.

Middleton Community Bank

George Gjermundson Cashier