

LETTER OF COMMENT NO. 246

From: Steve Bourg [mailto:SBourg@abg-ma.com] Sent: Wednesday, August 09, 2006 9:49 AM

To: Director - FASB

Subject: 1025 - 300 Re. Pension Plans

Dear Sirs.

Public company pension plans will see a mass-freezing due to these proposed FASB changes to measure PBO against Assets to determine the additional charge to earnings.

Just this week, the Board of Directors of a Maryland employer with 500+ employees was appalled when the CFO described the PBO minus Assets "disaster". The company has always avoided Additional Minimum Liability, in the past, by making large cash contributions even as "settlement" interest discount rates became lower and lower (and the exercise became less and less sensible, due to the lowering of discount rates). Needless to say, this pension plan's days are numbered because of the additional problem which will be caused by replacing ABO with PBO.

I don't think you realize how damaging this will be to the already battered and bruised defined benefit pension system.

It makes no sense to charge a company's earnings with the excess of PBO over Assets.

It was bad enough to penalize the excess of ABO over Assets, measuring the ABO at a "theoretical" settlement discount rate (which fluctuates every year) and which is irrelevant if future asset growth can achieve 7% or 8% net investment earnings.

Your proposal for the PBO change makes no sense. But then again the FAS #87 rules back in 1989 made no sense when they required a "settlement" interest rate. Soon, we can all kiss the majority of defined benefit plans goodbye. Steve Bourg, EA