



March 26, 2007

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 06856-5116
Norwalk, CT 06856-5116

By email to director@fasb.org

Re: Pension and OPEB Reporting Project

Dear Ms. Bielstein:

Buck Consultants, an ACS Company (“Buck”) is a leading global employee benefits and human resources consulting firm that provides assistance to employers that sponsor retirement and OPEB plans. Many of our clients would be significantly affected by changes to FASB Statements No. 87, 88, 106, and 132(R).

The Board issued SFAS 158 in September 2006 as a result of Phase 1 of its pension and OPEB reporting project. We understand that the FASB staff may ask the Board to consider whether Phase 2 of the project should be divided into two or more sub-phases. The first sub-phase would address the elimination of all or some of the smoothing and deferral devices now used in the calculation of periodic benefit cost (amortization of plan amendments, amortization of gains and losses, the corridor for gain/loss amortization and the use of market-related value of assets). The first sub-phase would be coordinated with the Board’s performance measurement project, so that periodic benefit cost would be divided among separate line items in a new comprehensive income statement. If the Board chooses to proceed with the project in this way, key measurement issues would be deferred to a later sub-phase of Phase 2.

We previously objected to the Board’s decision to bifurcate the pension and OPEB reporting project because we thought that it was critical to examine all aspects of the project in one comprehensive review. We believe that segmenting Phase 2 would further undermine the integrity of the project. At the June 2006 roundtable, the Board indicated that it would not delay the implementation of Phase 1 to reconsider the measurement criteria implied by FAS 87 and FAS 106 but would surely do so in Phase 2. We hope the Board will not call for additional incremental changes to the financial statements without first addressing the fundamental issues.

The most basic measurement issue is the selection of appropriate discount rates. Other controversial measurement items include the treatment of future salary increases in pension benefit cost and the treatment of medical cost inflation in OPEB benefits. Without resolution of

Technical Director – FASB
March 26, 2007
Page 2 of 2

these issues, the Board will have difficulty in readdressing another important measurement issue, the proper treatment of lump sums.

A subdivision into phases would postpone these key measurement issues to the indefinite future. Potentially large changes in reported income as well as additional volatility would be introduced into the comprehensive income statement without a strong indication that the changes and greater volatility are indicative of an underlying economic reality. This is backwards; the principles should be decided first, then the appropriate corresponding measurements can be guided by those principles.

We hope these comments are useful in your deliberations. We are always ready to discuss our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lawrence Sher', written in a cursive style.

Lawrence Sher, F.S.A.
Principal, Director of Retirement Policy