

From: Jason Varnell [mailto:jasonvarnell@yahoo.com]
Sent: Thursday, August 03, 2006 3:18 PM
To: Director - FASB
Subject: FASB EITF0604



LETTER OF COMMENT NO.

77

Director
Financial Accounting Standards Board
Emerging Issues Task Force

RE: EITF0604 – Comment Regarding Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements

To Whom It May Concern:

The proposed rule change put forth by EITF 0604 is simply ridiculous. Community banks across the country have had split-dollar arrangements with their executives for many years knowing full well that the agreements are backed by a guaranteed death benefit from an insurance policy.

Asking these banks to accrue for a death benefit they will never pay is like me asking my child to save up for his college tuition after I have already promised him I will pay his way. It just does not make sense.

Furthermore, one must consider the drastic financial impact this decision will have on many of these banks. They adopt these plans in order to attract and retain key employees and grow their business. Many banks will be forced to eliminate these plans altogether, or dramatically reduce the amount of benefits they provide to their other employees, just to pay for these proposed accruals. Not to mention the fact that the proposed changes could immediately push banks over their insurance concentration limits by reducing retained earnings. This will expose the banks to unnecessary regulatory scrutiny.

I propose that the scope of any rule change be limited to only those bank agreements that provide a death benefit to be paid directly by the bank and not by a guaranteed insurance policy or other investment. Such agreements are scarce anyway due to the risk to the bank.

Please consider these issues carefully before making your decision. I believe there is much more at stake here than you realize.

Regards,

Richard J. Varnell
GA Licensed Insurance Agent