

CADENCE



LETTER OF COMMENT NO.

81

August 4, 2006

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

Dear Mr. Smith:

I have read over the EITF Issue No. 06-4 relating to Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split Dollar Life Insurance Programs several times. I have been a CPA for over 30 years and I must admit that I totally failed to understand the logic of this proposed consensus. If this position is approved and a company is required to account for its split dollar policies under this provision, it is my opinion that the result will be a totally misleading representation of the transaction.

Our company has split dollar policies and in every case, they indicate that the death benefit will be paid by the insurance company. The result is the company does not have nor will it ever have a liability to pay this amount to the beneficiary of said policies. We, as the employer, do not have an obligation to pay any benefit under any circumstances to the employee's beneficiary.

In addition to not being able to understand the logic of this proposal, it also appears to me that this goes in an opposite direction of currently established literature. Under FASB 5, the company is not allowed to book any liability for a contingency unless it is probable that the liability will exist. Yet, under this proposal, you are asking us to book a liability that the company knows will never exist and will never be an expense to the company in any fashion. I have a hard time rationalizing these opposing viewpoints.

In summary, I would ask and hope that the EITF would reconsider this issue and realize that the logic that this proposal is based on is flawed and does not present the transactions in the appropriate way in the financial statements of the respective company.

Sincerely,

Richard T. Haston
EVP & CFO