



McGladrey & Pullen LLP
Third Floor
3600 American Blvd West
Bloomington, MN 55431

May 8, 2008

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Proposed FSP FAS 132(R)-a

Dear Mr. Golden:

We are pleased to comment on the proposed FASB Staff Position (FSP) No. FAS 132(R)-a, *Employers' Disclosures about Postretirement Benefit Plan Assets*.

We support the decision by the Board to improve the disclosures related to postretirement benefit plan assets. We share the concerns that there is a lack of transparency surrounding the types of assets held in postretirement benefit plans and the potential concentrations of credit risk in plan asset portfolios that are not currently disclosed. We do offer the following comments for your consideration.

1. *Is the principle of disclosing categories by type of plan asset understandable?*

Paragraph 6 is prescriptive in that it states a requirement to disclose the fair value of each major category of plan assets and that such asset categories shall be based on the types of assets held in the plan. It then goes on to provide a list of such major asset categories that must be disclosed, if significant. We do not believe the principle is understandable because a list of prescribed asset categories is necessary to interpret what is meant by "major". Instead of including a list of categories, we recommend adding guidance as to the definition of "major category of plan assets" or expanding the description of the principle so an employer can determine the categories of plan assets that would be appropriate for each particular plan.

2. *Are the asset categories that must be disclosed, if significant, representative of the types of assets held in postretirement benefit plans? Should any other categories be added?*

As stated in our response to question 1 above, if additional guidance as to the definition of "major category of plan assets" or an expanded description of the principle is provided, we do not believe a prescriptive list of asset categories would be necessary.

3. *Is the requirement to disclose concentrations of credit risk arising within or across categories of plan assets from a lack of diversification understandable, and is this information useful? Would another disclosure principle be better?*

FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, as amended, requires all entities to disclose concentrations of credit risk. However financial assets of a pension plan and other defined benefit postretirement plans are specifically excluded from this requirement. Although this is excluded from an employer's financial statements it should be noted that this disclosure is required in the plan's financial statements. In addition, the disclosure requirement for concentrations of credit risk provided for in this proposed FSP is different than what is provided for in Statement 107. We do not understand the need for a different disclosure requirement for the employer's financial statements. We recommend that Statement 107's exclusion for plan assets be eliminated instead of providing for a different disclosure.

However if the Board does proceed with the proposed disclosure requirement, we offer the following comments:

As per paragraph 6 of FASB Statement No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88, and 106*, the disclosures required by Statement 132(R) generally shall be aggregated for all defined benefit plans and for all of an employer's other defined benefit postretirement plans. It is unclear that the requirement in paragraph 7 of this proposed FSP applies first to each individual plan or to the aggregation of the plans.

In addition, the definition of "concentration of risk" is extremely important for understanding this principle. As stated in paragraph 7 of the proposed FSP, "Concentrations of credit risk arise because an employer is exposed to risk of loss greater than if it had mitigated its risk through diversification". We have several concerns with this definition. First, this definition appears to broaden the disclosure requirement beyond the risk present in the plans themselves. We suggest a clarification be made to this sentence such as adding "in the plan(s)" after "risk of loss greater". Second, within this definition is another key term, "diversification." We encourage the FASB to define "diversification." Further, the determination of whether diversification has occurred is a subjective determination. We understand that this will require judgment, but recommend that how the judgment was reached be part of the disclosures. Lastly, it is unclear as to whether the disclosure of concentration of credit risk and consideration of diversification is directed at an individual plan or across all plans, or if an employer must consider assets held outside the plan in this determination.

4. *Would the disclosures about fair value measurements of plan assets provide decision-useful information?*

We believe the disclosures about fair value measurements of plan assets would provide decision-useful information. However we also believe the users of most private company financial statements will not benefit greatly from these disclosures as they generally already have the ability to ask for such information if they want it. Accordingly, we would support more limited disclosures for private companies.

5. *Would any of the required disclosures impose excessive incremental costs? If so, please describe the nature and extent of the additional costs.*

Although we believe there will be incremental costs to providing these disclosures, we do not believe they will be excessive.

6. *Is the time needed to compile the information required to support annual reporting disclosures sufficient given the proposed effective date for fiscal years ending after December 15, 2008? If not, please describe the nature and extent of the effort required and the time needed.*

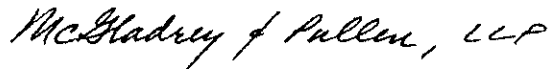
We recommend the effective date of the proposed FSP be changed to coincide with the date FASB Statement No. 157, *Fair Value Measurements*, becomes fully effective. Many plans contain nonfinancial assets for which the application of Statement 157 is deferred. This would allow constituents to fully consider the effect of various implementation issues related to Statement 157 before having to face the implementation issues related to the proposed FSP.

We also offer these additional comments:

- Paragraph 11 states that early application of the provisions of this FSP is not permitted. As entities are allowed, and even encouraged, to provide any additional information to assist the users of their financial statements in understanding the risks present, we do not understand how this proposed FSP could prohibit such disclosures. We recommend this provision be eliminated.
- Paragraph A13 of the proposed FSP contains the statement "already finalized its financial statements." We do not understand what is meant by this statement. We recommend the Board clarify this statement or eliminate this discussion.

We would be pleased to respond to questions the Board or its staff may have about any of the foregoing comments. Please direct any questions to Jay D. Hanson (952.921.7785) or Jolene M. Hart (952.921.7735).

Sincerely,



McGladrey & Pullen, LLP