Grant Thornton

LETTER OF COMMENT NO. 34

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RE: File Reference Proposed FSP FAS 132(R)-a

Grant Thornton LLP appreciates the opportunity to comment on the proposed FASB Staff Position FAS 132(R)-a, "Employers' Disclosures about Postretirement Benefit Plan Assets."

We support the Board's intent to improve disclosures about postretirement benefit plans. However, we believe that many employers and their benefit plans will need time to design and implement new procedures and controls in order to provide the information required by the proposed FSP on a timely basis. Therefore, we believe the Board should consider delaying the effective date from periods ending after December 15, 2008 until periods beginning after December 15, 2008. We also suggest that the Board consider excluding entities, including not-for-profit organizations, with smaller benefit plans from the requirements of this proposed FSP because the costs of compliance may exceed the benefit to users of their financial statements.

Our responses to the individual questions follow.

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

We believe that a broader principle with fewer categories could be developed by combining assets with similar characteristics. The proposed FSP does not clearly spell out the principle behind disclosure by "type" of asset making it difficult to apply judgment in determining the appropriate number of types of assets. We believe the most important characteristic for users of the financial statements may be the level within the fair value hierarchy which is based either on disclosure by expected subjectivity of the measurement or on the type of market where the investment is typically traded.

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?

Well-run postretirement benefit plans generally hold a wide variety of assets in the interest of diversification. A very large number of potential categories could be constructed on the criteria in the proposed FSP. For example, real estate could be further subdivided by state, region, and country or by commercial, retail, industrial, or residential use, all of which could conceivably provide beneficial information to users of financial statements. However, as noted in our response to question 1, we believe that categorizing assets by "type" is a vague principle and would prefer a more descriptive objective for determining how to accumulate information on plan assets.

3. Is the requirement to disclose concentrations of 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?

The FSP provides some examples of possible concentrations that mainly refer to concentration of risk within a particular market (for example, a concentration of investments in a particular entity, a particular commodity, or particular industry). One of the examples refers to a concentration by market (for instance, a country) presumably even if the investments within the market are diversified. In another example, which refers to a concentration by investment fund, it is unclear whether this concentration relates to the diversification of investments within the fund or to some other risk with the investment fund. Presumably, the FSP could be interpreted to require disclosure of concentrations by type of asset (for example, debt securities, real estate or commodities), even though each type of plan asset may be diversified within its individual market. We believe it would be useful to specify principles for disclosure that indicate which types of concentrations should be disclosed, instead of a requirement to disclose concentrations within or across categories of assets arising from a lack of diversification.

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

We believe that disclosures about the level within the fair value hierarchy are decision-useful.

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

We believe the costs to comply with the proposed FSP would be burdensome for employers with smaller postretirement benefit plans and therefore may exceed the benefits arising form the FSP for users of the plan sponsor's financial statements. Because of the additional costs, we ask the Board to consider exempting certain employers from the disclosure requirements in the proposed FSP, especially employers with smaller plans, including not-for-profit organizations.

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.

Many benefit plans have yet to apply FASB Statement 157, *Fair Value Measurements*, in their financial statements. Therefore, we believe that benefit plans would need to put in place the systems to capture the information under the proposed disclosure requirements to provide the necessary information to the plan sponsors. In addition, employers that do not have extensive other financial assets requiring annual valuation and disclosure may have to implement new procedures and controls to prepare the information, often involving external experts. Many employers will also be working with a revised measurement date. If the Board decides to proceed with the proposed FSP, we believe it would be a burden and expense for employers and benefit plans to implement those changes by the proposed effective date. We therefore suggest deferral of the effective date for at least one year.

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We appreciate the opportunity to comment on the proposed FSP and would be pleased to discuss our comments with Board members or the FASB staff. If you have any questions, please contact Mark Scoles at (312) 602-8780 or John Hepp at (312) 602-8050.

Very truly yours,

/s/ Grant Thornton LLP