

Via Email: [director@fasb.org](mailto:director@fasb.org)

April 1, 2009

Mr. Russell Golden  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
Post Office Box 5116  
Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO.

280

Re: File Reference – Proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b, “Recognition and Presentation of Other-Than-Temporary Impairments”

Dear Mr. Golden:

Ameriprise Financial, Inc. appreciates the opportunity to comment on the Proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b, “Recognition and Presentation of Other-Than-Temporary Impairments” (the Proposed FSP). Ameriprise Financial, Inc. is a diversified financial services company serving the comprehensive financial planning needs of the mass affluent and affluent. We strongly support the issuance of the Proposed FSP. However, we suggest further clarification and modifications to fully achieve the stated objectives.

Our primary concerns are summarized below:

- Clarification is needed on the meaning of intent to sell
- A one-time cumulative adjustment between retained earnings and other comprehensive income should be allowed for securities with non-credit related other-than-temporary impairments in previous periods. This “true-up” methodology will increase consistency and comparability for other-than-temporary impaired securities.
- Effective date should not be mandatory for periods ending after March 15, 2009, but should allow for early adoption.

We have included below our discussion of these primary concerns within our responses to the specific questions outlined by the FASB in the Proposed FSP.

**FSP FAS 115-a, FAS 124-a, and EITF 99-20-b**

1. This proposed FSP would require entities to separate (and present separately on the of earnings or “performance indicator”) an other-than-temporary impairment of a debt security into two components when there are credit losses associated with an impaired debt security for which management asserts that it does not have the intent to sell the security and it is more likely than not that it will not have to sell the security before recovery of its cost basis. The two components would be (a) the credit component and (b) the noncredit component (residual related to other factors). Does this separate presentation provide decision-useful information?

*Response:* We believe that the proposed separate presentation provides a significant improvement to the accounting model for securities that are impaired for credit reasons and somewhat aligns the accounting model for loans and investment securities with respect to earnings recognition for credit losses. We also believe that separately disclosing the credit loss portion of an other-than-temporary impairment provides information that is meaningful to financial statement users.

However the proposal to prospectively apply this guidance will result in inconsistencies and lack of comparability, because the amounts recorded for other-than-temporary impairment will depend upon when the impairment was recognized (i.e., either before or after the adoption of the FSP). Both preparers and users of financial statements will be challenged with reconciling and analyzing how much other-than-temporary impairment (“OTTI”) results from credit losses recorded before and after adoption of the Proposed FSP. We recommend that a one-time adjustment for previously recognized OTTI that is not credit loss related be recorded as a cumulative-effect adjustment to the opening balances of retained earnings and accumulated other comprehensive income.

2. This proposed FSP would require that the credit component of the other-than temporary impairment of a debt security be determined by the reporting entity using its best estimate of the amount of the impairment that relates to an increase in the credit risk associated with the specific instrument. One way of estimating that amount would be to consider the measurement methodology described in paragraphs 12–16 of FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*. For debt securities that are beneficial interests in securitized financial assets within the scope of Issue 99-20, the amount of the total impairment related to credit losses would be determined considering the guidance in paragraph 12(b) of Issue 99-20. Do you believe this guidance is clear and operational? Do you agree with the requirement to recognize the credit component of an other-than-temporary impairment in income and the remaining portion in other comprehensive income? Under what circumstances should the remaining portion be recognized in earnings?

*Response:* We agree with the requirement to recognize the credit loss portion of an other-than-temporary impairment in income and the remaining portion in other comprehensive income. If the entity has the intent to sell the security at the financial

statement date or it is more likely than not that the entity will be required to sell the security before full recovery, all of the impairment should be recognized in earnings.

We generally agree that the guidance provided in paragraphs 12-16 of FASB Statement No. 114 and in paragraph 12(b) of EITF Issue 99-20 is clear. However, the FAS 114 example included in the FSP states “the reporting entity should use its best estimate of the amount of the impairment that relates to an increase in the credit risk associated with the specific instrument [emphasis added].” To avoid any confusion as to how “an increase in the credit risk” is defined, we suggest changing the words to read “credit losses” to be consistent with the wording in FAS 114.

Additionally, we believe that recoveries of OTTI should be recognized through earnings. This would increase transparency of the performance and value of the assets, and align to the loan impairment accounting framework within FAS 114.

3. This proposed FSP modifies the current indicator that, to avoid considering an impairment to be other than temporary, management must assert that it has both the intent and the ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value. The Board believes that, compared to current requirements, it is more operational for management to assert that (a) it does not have the intent to sell the security and (b) it is more likely than not that it will not have to sell the security before its recovery. Does this modification make this aspect of the other-than-temporary impairment assessment more operational (the remaining factors discussed in FSP FAS 115-1/FAS 124-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments”, would remain unchanged)? Should this modification apply to both debt and equity securities? Will this change result in a significant change to the assessment of whether an equity security is other-than-temporarily impaired?

*Response:* Within the Proposed FSP, an other-than-temporary impairment has occurred if the investor “intends to sell the security or it is more likely than not that the investor will be required to sell the security before recovery of its cost basis.” We noted that this wording is not always consistently used within the Proposed FSP. We suggest that consistent language be used throughout the Proposed FSP to avoid confusion in application. We believe the phrase “intends to sell the security” should be interpreted as the entity has the intent to sell the security at the balance sheet date.

In addition, paragraph 12 of the FSP includes the following words: “it is more likely than not that an entity will sell the security before recovery of its costs basis”. Other sections of the proposed guidance used the words “more likely than not that the entity will not have to sell the security before recovery of its cost basis”. We believe that the wording in paragraph 12 of the FSP should be changed to “more likely than not that it will not be required to sell the security before recovery of its cost basis.”

Regarding the application of the proposed FSP to equity securities, we believe the FSP should apply to perpetual preferred securities that are to be treated as debt securities for

impairment purposes as outlined by the SEC letter to Robert Herz, dated October 14, 2008. We believe that this should be explicitly stated in the FSP. In addition, we believe additional guidance is needed on how the Proposed FSP would apply to other equity securities.

4. This proposed FSP would require that the portion of an impairment recognized in other comprehensive income for held-to-maturity securities be amortized (through other comprehensive income) over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows by offsetting the recorded value of the asset (that is, an entity would not be permitted to adjust the fair value of a held-to-maturity security for subsequent recoveries in the fair value of the security similar to the accounting for available-for-sale securities). Do you agree with this requirement?

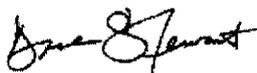
*Response:* Yes, we agree that the portion of an impaired security recognized in other comprehensive income for held-to-maturity securities should be amortized over the remaining life of the security and should not be adjusted for subsequent recoveries in the fair value similarly to the accounting for available-for-sale securities.

5. Is the proposed effective date of interim and annual periods after March 15, 2009 operational?

*Response:* We believe that the proposed effective date is operational for periods ending after March 15, 2009. However, some entities may need more time to implement; therefore, we suggest an effective date for interim and annual periods ending after April 15, with early adoption permitted.

Thank you for your consideration of our comments on the Proposed FSP. If you have any questions, comments or would like further information, please contact me at (612) 678-4769.

Sincerely,



David K. Stewart  
Senior Vice President & Controller