



**FIRE DEPARTMENT**

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January 21, 2005

Mr. Lawrence W. Smith  
Director of Technical Application and Ir  
Financial Accounting Standards Board  
401 Merritt 7  
P. O Box 5116  
Norwalk, CT 06856-5116

Letter of Comment No: 69  
File Reference: AICPA ICG

Dear Mr. Smith:

This letter is written concerning the proposed changes to generally accepted accounting principles for valuing fully benefit responsive investment contracts held by non-registered investment companies (commingled stable value funds).

I currently have the majority of my retirement funds in an employee sponsored retirement plan with the International City Management Association Retirement Corporation (ICMARC). Thousands of public sector employees across the country have similar retirement plans. Stable value funds are an integral component of these retirement plans. For participants in defined contribution retirement plans, stable value funds allow us to receive returns that are similar to an intermediate bond fund but with risk levels comparable to a money market fund.

I believe that it is imperative to preserve the current commingled stable value fund accounting treatment for fully benefit responsive investment contracts as commingled funds are the only vehicle that will allow small plans to realize the diversification and portfolio efficiency of large funds.


An unfavorable decision by the FASB would have a disparate impact on small and large defined contribution plans. (It seems to me that many troubled industries such as the airlines are now moving away from defined benefit plans and embracing defined contribution plans.)

Stable value funds have a history of being an efficient and beneficial investment for defined contribution investors. We tend to be more conservative when investing "our" own retirement funds and stable value funds fit this profile.

As a public sector employee, I encourage the FASB to consider the public and social impact of this decision. An unfavorable ruling will place small and mid sized plans at a competitive disadvantage to large plans. It will also lower the retirement investment returns of thousands of public sector employees.

I urge you to allow stable value funds to continue meeting the retirement needs of public sector employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Noel Padden", with a long horizontal flourish extending to the right.

Noel Padden  
Fire Chief

NBP/n