

**Bank of America.**



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October 27, 2003

Mr. Lawrence W. Smith  
Director of Technical Application and Implementation Activities  
File Reference No. 1025-200  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Letter of Comment No: 52**  
**File Reference: 1025-200**  
**Date Received: 10/27/03**

Re: File Reference No. 1025-200

Dear Mr. Smith,

Bank of America Corporation appreciates the opportunity to comment on the Exposure Draft of the Proposed Statement of Financial Accounting Standards, *Employers' Disclosures about Pensions and Other Postretirement Benefits, an amendment of FASB Statements No. 87, 88, and 106 and a replacement of FASB Statement No. 132* (the Proposal). Bank of America Corporation with \$737 billion in total assets provides full-service consumer and commercial operations in 21 states and the District of Columbia. Bank of America Corporation provides banking and investing services, corporate and investment banking, and financial products and services to individuals and businesses across the U.S. and around the world.

Bank of America Corporation supports FASB's position that users of financial statements need more robust disclosures on pensions and other postretirement benefits. However, we question the benefit of certain disclosures required under the Proposal and support delaying the effective date. Our positions are more fully explained below.

***Disclosure of Plan Assets Held***

We agree with the new disclosure requirements of asset allocation, average target allocation and expected long-term rates of return by major category of plan assets, as well as disclosure of maturity characteristics. However, we believe there is a mismatch in the disclosures required. In the Proposal's Basis of Conclusions, the Board notes that these additional disclosures will enable users to better understand and evaluate management's selection of its expected long-term rate of return on assets assumption. However, providing the target allocation by asset category for the next fiscal year may not fully



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explain the ending fiscal years expected long-term rate of return assumption disclosure requirement. Disclosure of the next fiscal year's target allocation of assets provides a better indication of our assumptions for the one-year (rather than long-term) expected rate of return. We feel a more appropriate disclosure would include the target allocation of assets, the weighted average expected rate of return for the next fiscal year end, and a description of the assumptions and basis of the expected rate of return. The plan's weighted average expected long-term rate of return assumption would still be disclosed in the Proposal's required table.

#### ***Disclosure of Estimated Future Cash Benefit Payments***

Additionally, we agree that users of financial statements would benefit from having information regarding cash benefit payments. However, the Proposal's requirement to disclose the estimated future benefit payments used in determining the projected benefit obligation (PBO) does not truly represent the cash that will be paid to the plan participant, as these payments only represent the obligation based on service to date, not the expected total service at the participant's anticipated retirement date. In order to report on total benefit payments as presently required by the Proposal, we would incur significant time and expense in systems administration costs. Furthermore, we believe users of financial statements are more concerned about the actual cash payments made to the plan participant. We instead support disclosure of the fiscal year ending cash benefit payments made to plan participants and only the next year expected cash benefit payments, rather than an estimated five year summary of future cash benefit payments used in determining the PBO.

#### ***Disclosure of Contributions***

We agree that users of financial statements would also benefit knowing the plan sponsor's future expected cash outlays for plan contributions if this could be precisely determined. However, because contributions to a plan can significantly fluctuate from period to period due to the unknown regulatory environment, actual returns compared to assumptions, and timing of funding actuarial valuations, we believe that a disclosure requirement to separately identify the required minimum and any additional discretionary funding amounts would not provide benefit to the financial statement user because of the potential variability in this estimate each reporting period. Rather, we believe a more appropriate disclosure would require the plan sponsor to disclose their funding policy, without the requirement of disclosing expected dollar amounts.

#### ***Sensitivity Analysis***

We fully support the Board's decision to exclude a requirement to disclose sensitivity information about the impact on net periodic benefit cost and the benefit obligation of a hypothetical change in certain assumptions. We agree that varying one assumption, such as the expected long-term rate of return on plan assets, discount rate, or rate of compensation increase, while holding others constant would be misleading and not a true

representation of expected future benefit costs or obligations, as these assumptions often simultaneously change, and not necessarily in a linear direction.

***Effective Date***

The effective date of the Proposal is not reasonable. Compliance with the Proposal will require additional time to ensure all information is accurately compiled and disclosed. This will require extensive coordination not only within our corporation, but also with our outside service providers. In addition, with shortened filing requirements for SEC registrants beginning in 2004, many companies are already dealing with reporting and disclosure hurdles outside of this Proposal. As such, we recommend that implementation be delayed until fiscal years beginning after December 15, 2004.

\* \* \* \* \*

We welcome the opportunity to discuss our comments with you further. If you have any questions or would like to discuss our comments in more detail, please contact me at 704-388-8433.

Sincerely,



Randall J. Shearer  
Senior Vice President  
Accounting Policy