

Letter of Comment No: 4  
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-----Original Message-----

From: Gina Mitchell [mailto:gina@stablevalue.org]  
Sent: Thursday, June 20, 2002 1:30 PM  
To: director@fasb.org  
Cc: Mark Devine; Al Turco; Aruna Hobbs; Bill Gardner; David VanBenschoten; Don Butt; Eric Kirsch; James McDevitt; James McKay; Karen Chong-Wulff CFA; Kim McCarrel; Marc Magnoli; Nat Duffield; Rick Cook; Robert Fox; Robert Madore; Steve Schaefer; Vicky Paradis; Wayne Gates; Wendy Cupps; Vic Gallo; Steve LeLaurin; Paul Donahue; Marla Kreindler; Emily Bates  
Subject: Proposed Statement of Financial Accounting Standards: Amendment of Statement 133 on Derivative Instruments and Hedging

Dear Director of Technical Projects and Technical Activities:

On behalf of the Stable Value Investment Association, I am writing to reaffirm the Association's strong support for the amendment and scope exception to Statement 133 for synthetic GICS held by defined contribution plans and accounted for at book value as defined by AICPA Statement of Position 94-4.

It is appropriate to make a distinction in the SFAS 133 accounting for synthetic GICs between issuers and defined contribution plans because defined contribution plans and their participants are entitled to receive the book or contract value of their Stable Value investments while issuers are subject to different payment and valuation risks.

The exception that you have provided for synthetic GICS held by defined contribution pension plans preserves this increasingly important investment option. In these uncertain and volatile times, the consistent and predictable returns of Stable Value Funds are more valuable than ever to the thousands of public and private pension plan sponsors who offer them and the millions of plan participants, beneficiaries and retirees who benefit from investing in Stable Value Funds.

SVIA's most recent survey covering more than 120,000 defined contribution plans with \$261 billion in Stable Value assets found that allocations rose to 29% at year-end 2001 for this core asset class. Increased allocations and Stable Value's positive returns averaging 6.45% produced 15% growth in Stable Value assets over the previous year.

SVIA is a non-profit organization dedicated to educating the public on the importance of saving and investing for retirement and the contribution that Stable Value can make in providing for a financially secure retirement. The association represents all segments of the Stable Value community: defined contribution plan sponsors, investment managers, issuers, wrappers and consultants.

SVIA encourages you to expeditiously finalize this important scope exception for synthetic GICs. Thank you for consideration of SVIA's comments.

Sincerely,

Gina Mitchell  
President