## **Deloitte**







May 1, 2008

Russell G. Golden Director of Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference No. FSP FAS 132(R)-a Re: Proposed FASB Staff Position No. FAS 132(R)-a, "Employers' Disclosures About Postretirement Benefit Plan Assets"

Dear Mr. Golden:

Deloitte is pleased to comment on proposed FASB Staff Position (FSP) No. FAS 132(R)-a, "Employers' Disclosures About Postretirement Benefit Plan Assets" (the "proposed FSP").

We support the issuance of the proposed FSP because we believe that it encourages more transparent disclosures about the types of plan assets held in a postretirement plan and the risks associated with these assets. However, we recommend that the Board make the following changes to clarify the FSP's guidance. This letter also includes an Appendix, which contains our responses to the Board's specific questions posed to constituents in the proposed FSP.

## Appendix B, Proposed Amendments to Tables in Paragraph C3 of Statement 132(R)

Paragraph B1(e) of the proposed FSP, which amends portions of paragraph C3 of FASB Statement No. 132(R), Employers' Disclosures About Pensions and Other Postretirement Benefits, presents (1) a table illustrating pension plan assets that contains a category titled "Diversified U.S. Equity Securities" and (2) a table illustrating other postretirement benefits that contains a category titled "Diversified Equity Securities." Paragraph 7 of the proposed FSP suggests that a concentration of risk would not exist if the employer's portfolio is diversified, since "concentrations of risk arise because an employer is exposed to risk of loss greater than it would have had if it mitigated its risk through diversification." In these tables, the group of assets is described as diversified yet concentrations of risk are still disclosed in association with these diversified securities. Such disclosure appears to be inconsistent with the discussion in paragraph 7 of the proposed FSP. The Board should consider either (1) clarifying the term "diversification," as used in paragraph 7, to explain whether concentrations of risk may still arise in a diversified portfolio and therefore whether they need to be disclosed or (2) removing the word "diversified" from the tables.

## Statement 157 Scope Clarification

We recognize that paragraph 4 of the proposed FSP clarifies the Board's "disclosures relating to fair value measurements of plan assets based on its decision that the disclosures in FASB Statement No. 157, Fair Value Measurements, do not apply to fair value measurements of plan

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assets." We understand that paragraph 4 of the proposed FSP would be treated as nonessential content and therefore would not be included in the Board's final Accounting Standards Codification. As a result, the Board should consider either (1) amending Statement 157 to explicitly state that fair value measurements of plan assets are outside the scope of Statement 157 and providing the basis for that conclusion or (2) ensuring that paragraph 4 in the proposed FSP is included in the final Accounting Standards Codification.

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Deloitte appreciates the opportunity to comment on the proposed FSP. If you have any questions concerning our comments, please contact Robin Kramer at (203) 761-3079.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl

## **Appendix Responses to Questions for Constituents**

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

Yes, we think that this principle is understandable.

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?

We agree that the broad asset categories that must be disclosed are representative of the types of assets held in postretirement benefit plans. However, in the FSP's proposed amendment to paragraph C3 of Statement 132(R), the table that presents the pension plan assets does not include any asset categories for foreign debt or equity securities. Rather, the pension plan appears to hold only U.S. securities. To reflect a comprehensive portfolio that is consistent with portfolios that are generally held by pension plans, the Board should consider including categories for foreign debt and equity securities in the amended tables.

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?

Yes, we consider this requirement understandable. User community responses should be reviewed to assess the usefulness of the disclosures.

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

We support the required disclosures about fair value measurements of plan assets. User community responses should be reviewed to assess the usefulness of these disclosures.

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

We are not aware of excessive incremental costs that would be incurred as a result of the required disclosures. Preparer responses should be reviewed to determine whether there would be excessive incremental costs.

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.

We are not aware of any concerns that an implementation date for fiscal years ending after December 15, 2008, might create. Preparer responses should be reviewed to determine whether the time allotted for implementation is sufficient.