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Technical Director
File Reference No. EITF100C
FASB
401 Merritt 7
PO Box 5116
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I offer the following in response to your request for comments regarding the exposure draft issued August 18, 2010 “Reporting Loans to Participants by Defined Contribution Pension Plans”.

Question 1 – I agree that participant loans should be classified separately from plan investment assets.

Question 2 – I also agree that participant loans should be measured at their unpaid principal balance plus accrued and unpaid interest.

Question 3 – I agree that no additional disclosure beyond that already required for participant notes is necessary. However, see General Comment section following the specific comments.

Question 4 – I see no particular hardship in applying this update on a retrospective basis. I agree that early adoption should be allowed.

Question 5 – Other than “roadmapping” on the financial statements and notes thereto, I cannot foresee compliance with this update taking more than a minimum amount of time and effort (probably less than 10 hours). However, see General Comment section on following page.

General Comment(s)

I believe that staff should consider the effect, if any, on the DOL permitted limited scope exception. While participant loans are still considered plan investments for purposes of reporting on Form 5500 and where the plan's trustee correctly confirms as to their accuracy, will the limited scope exception still apply to the audit of participant loans?

I also believe the FASB staff should reconsider the necessity of ASC 820 disclosure requirements for defined contribution pension plans and arguably also for defined benefit pension plans. Participants to defined contribution plans are investing in assets provided through the plan and are not investing in the plan itself. I fail to see where there is any additional benefit afforded the participant in disclosing fair value information regarding the general investment assets of the plan itself. The participant's decision to invest in certain vehicles provided by the plan is based on their own initiative and planning strategies. Likewise, professional fiduciaries are charged with the investment decisions for defined benefit plans and are certainly more cognizant of associated risks, etc. than are the "readers" of the financial statements. For defined contribution pension plans, there may be some benefit in disclosures related to non-participant directed investments.

Sincerely,

Thomas R. Petree, partner
Wagner Sharer Murtaugh & Petree