



COMMITTEE ON BENEFITS FINANCE

September 7, 2010

Technical Director
Financial Accounting Standards Board
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The Committee on Benefits Finance (“CBF”) of Financial Executives International (“FEI”) appreciates the opportunity to comment on proposed Accounting Standards Update, *Plan Accounting—Defined Contribution Pension Plans*.

FEI is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior financial executives. CBF is a technical committee of FEI which reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations affecting pension and profit-sharing plans, health and disability insurance, unemployment compensation, and regulation, and other benefit related areas. This document represents the views of CBF and not necessarily the views of FEI or its individual members.

Response to Questions for Respondents:

Question 1: Do you agree that participant loans should be classified by defined contribution pension plans as notes receivable from participants, separately from plan investments? If not, why not? What alternative classification would you prefer and why?

Yes, we agree with the Board’s conclusion that participant loans should be classified as receivables, which reflects the legal nature of the loan contract from the plan to the participant. We agree that participant loans are unlike true plan investments because these loans are secured by the underlying participant accounts balances and other participants are not subject to the risks and rewards of these loans.

Question 2: Do you agree that participant loans should be measured at their unpaid principal balance plus any accrued but unpaid interest? If not, why not? What alternative measurement would you prefer and why?

Yes, we agree that participant loans should be measured at their unpaid principal plus any accrued but unpaid interest as such amount will be realized by the plan and can be reliably measured. We believe this measurement provides information that is most useful to financial statement users, and as a practical matter, would not change the practice currently utilized by most plan sponsors.

Perhaps the most compelling reason not apply the fair value model to participant loans is that a plan cannot sell such loans. Example 6 of ASC 820 cites an example of an asset with a sale restriction for a

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specified time period, with guidance that such restriction should be considered in the fair value measurement. However, participant loans can never be sold, no matter the time period. It seems to us that ASC 820 does not contemplate a complete restriction on transferability as a conceivable attribute. Accordingly, we believe that using an exit price to determine a fair value measurement should not be applied.

Question 3: The Task Force concluded that no additional disclosures specific to participant loans would be required as part of the amendments in this proposed Update. Do you agree? If not, what additional disclosure do you believe would be necessary?

Yes, we agree with the Board's proposal not to change the disclosure requirements related to participant loans.

Question 4: Do you agree that the amendments in this proposed Update should be applied retrospectively, with early adoption allowed? If not, why not?

Yes, we agree with the Board's proposal to apply this proposal retrospectively with early adoption allowed.

Question 5: How much time do you believe would be necessary for you to efficiently implement the amendments in this proposed Update?

We believe that the implementation of this proposal will not take significant time for financial statement preparers.

We appreciate the opportunity to express our views on this proposed Accounting Standards Update. We are available to discuss our comments at your convenience.

Sincerely,



Andrea Edmonds
Chair, Committee on Benefits Finance
Financial Executives International