





more of the plan's net assets by fair value measurement levels, which is not a required disclosure in the FASB ASC, while excluding certain other required disclosures. As noted by the AICPA EBP Expert Panel, the illustrative disclosure will create confusion and could lead to erroneous note disclosures in the plan financial statements. TIC echoes the concerns of the Expert Panel regarding this inconsistency and strongly urges the Board not to adopt any amendment that would require such investments to be presented by measurement level. TIC believes there would be no added benefit to users in having this disclosure. TIC recommends the removal of the added requirement and modification to, or removal of, the illustrative example to ensure consistency throughout the FASB ASC.

*Defined Contribution Plans—Reducing the Fair Value of Investments by Brokerage Commissions and Other Costs to Sell*

Proposed FASB ASC paragraph 962-325-35-1A would change practice for the measurement of all investments of a defined contribution plan. If significant, brokerage commissions and other costs to sell an investment would be deducted from its estimated fair value. Although this definition of fair value is currently included in FASB ASC Topic 965 (Health and Welfare Benefit Plans), the definition of fair value for a defined contribution plan has never incorporated costs to sell as an element of fair value. TIC believes costs to sell will be very difficult to accumulate for investments in master trusts and self-directed investments, which can include a significant volume of level 3 investments. TIC does not understand why costs to sell would ever be factored into any fair value measurement for an employee benefit plan, since such costs are not factored into the fair value measurement of investments held by other entities. TIC is aware that AICPA Statement of Position 92-6, *Accounting and Reporting by Health and Welfare Benefit Plans*, included the requirement to consider cost to sell as part of the fair value of the investments held by a health and welfare benefit plan. However, TIC questions whether this guidance is in keeping with the principles of FASB ASC 820, *Fair Value Measurements*. TIC therefore asks the Board to reconsider this change.

TIC also noted an inconsistency in the application of the proposed change between FASB ASC Topic 962 (Defined Contribution Plans) and Topic 965 (Health and Welfare Benefit Plans). The proposed amendment to FASB ASC paragraph 965-20-45-1(c) states that the statement of net assets available for benefits shall present net assets reflecting all investments at fair value less costs to sell, if significant [emphasis added]. However, FASB ASC paragraph 962-20-45-2(c), which addresses the presentation of the statement of net assets available for benefits of a defined contribution plan, was not amended to include the "fair value less costs to sell" language, even though FASB ASC paragraph 962-325-35-1A for defined contribution plans has been changed to include the requirement to deduct costs to sell from the fair value of all investments. TIC recommends that this and any other changes affecting two or more topics should be reviewed for consistency.

Issue for Future Consideration

Question 3 asks if there are other changes that should also be made to the FASB ASC that are directly or indirectly related to the technical corrections noted in the ED. TIC believes

