June 17, 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. EITF – 13B - Proposed Accounting Standards Update, Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Qualified Affordable Housing Projects

Dear Technical Director:

We appreciate the opportunity to comment on the exposure draft of the proposed Accounting Standards Update, Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Qualified Affordable Housing Projects ("the Proposed ASU"). Nationwide and Subsidiaries ("Nationwide") is comprised of three affiliated mutual insurance companies and their subsidiaries under common management, operating both property and casualty and life insurance companies. Nationwide is one of the largest diversified insurance and financial services organizations in the world with U.S. GAAP annual revenues of $23 billion and assets totaling $168 billion. Nationwide is not only an investor in qualified affordable housing projects, but we are also a guarantor of these investments as well.

RECOMMENDATIONS

We support the main provisions of the Proposed ASU, which provide reasonable conditions to qualify for an election that better reflects the economics of these investments in the financial statements. We have two key recommendations, which are outlined below.

Timing

Due to the potential significant system, operational and resource constraints to implement the provisions of the Proposed ASU, we believe the effective date should be no earlier than January 1, 2015, with early adoption permitted. This will allow reporting entities with significant tax credit investments the necessary time to modify systems and processes to adopt the provisions of the Proposed ASU, while maintaining the option of early adoption if some reporting entities have the capability. This will also allow entities that may not have invested in these instruments previously the time required to establish systems and processes to ensure that the Proposed ASU is adopted appropriately.

Expansion to other tax credit investments

The Proposed ASU only applies to the accounting for qualified affordable housing projects, which are only one type of tax credit investment currently available in the market that could meet the conditions outlined. It is likely
there will be tax credit investments created in the future that could meet the conditions outlined in the Proposed ASU. As such, we believe that the option to apply the effective yield method should be available for any tax credit investment that meets the conditions outlined in the Proposed ASU.

CONCLUSION

As discussed above, we support the main provisions of the Proposed ASU. We have two key recommendations, which revolve around the timing of adoption and expansion of the scope to other tax credit investments. In addition, our response to the comprehensive list of questions included in the Proposed ASU is attached as an appendix to this letter. We hope these comments assist you during your re-deliberations of the Proposed ASU.

In the event that further clarification of our positions is necessary, we would be happy to discuss them in greater detail.

Respectfully,

James D. Benson  
Senior Vice President, Enterprise Controller and Chief Accounting Officer  
Nationwide and Subsidiaries
APPENDIX

Question 1: Do you agree that an entity should meet the conditions in this proposed Update in order to elect to account for the investment in a qualified affordable housing project using the effective yield method? If not, please explain why.

Yes. We agree that an entity should meet the conditions included in the Proposed ASU in order to elect to account for the investment in a qualified affordable housing project using the effective yield method. Further, we believe the option of an election, rather than a requirement, to utilize the effective yield method is a well received provision of the Proposed ASU and gives all reporting entities the flexibility of adopting the Proposed ASU.

Question 2: Do you agree that the effective yield method is an appropriate method to account for investments in qualified affordable housing projects? If not, what method of accounting should be used? Please explain.

Yes. We agree that the effective yield method may be an appropriate method to account for investments in qualified affordable housing projects. Further, we believe the option of an election, rather than a requirement, to utilize the effective yield method is a well received provision of the Proposed ASU and gives all reporting entities the flexibility of adopting the Proposed ASU.

Question 3: Do you believe that removal of the requirement for guaranteed tax credits should change the method used to account for such investments from an effective yield method to an approach where the cost of investment is amortized in proportion to tax credits and other tax benefits received and recognized as a component of income taxes attributable to continuing operations?

No. We believe that the removal of the requirement for guaranteed tax credits should not change the method used to account for such investments from effective yield to another method. The conditions included in the Proposed ASU will better align the methods used to account for guaranteed and non-guaranteed tax credits when availability of the tax credits to the investor is probable. In addition, the Proposed ASU will enhance comparability between investors and guarantors of tax credit investments.

Question 4: Do other types of investments made primarily for the purpose of receiving tax credits meet the conditions in this proposed Update for an entity to elect to account for the investments using the effective yield method? If so, please describe them.

Yes. The Proposed ASU only applies to the accounting for qualified affordable housing projects, which are only one type of tax credit investment currently available in the market that could meet the conditions outlined. It is likely there will be new types of tax credit investments created in the future that could meet the conditions outlined in the Proposed ASU. As such, we believe that the option to apply the effective yield method should be available for any tax credit investment that meets the conditions outlined in the Proposed ASU.

Question 5: Should the guidance in this proposed Update extend the effective yield method of accounting to other types of investments for which the economic benefits are realized primarily as a result of tax credits and other tax benefits? Please explain.

Yes. We believe the guidance in this Proposed ASU should extend the use of the effective yield method of accounting to other types of investments for which the economic benefits are realized primarily as a result of tax credits and other tax benefits. As such, we believe that the option to apply the effective yield method should be available for any tax credit investment that meets the conditions outlined in the Proposed ASU. Further, extending the effective yield method to other types of these investments will promote alignment within the financial statements for current, as well as future, investment tax credits that operate in an economically similar manner.
Question 6: Do you agree that the amendments in this proposed Update should prescribe recurring disclosure objectives that would enable users of financial statements to understand the nature of investments in qualified affordable housing projects and the effect of the measurement of that investment and the related tax credits on the financial position and results of operations of the reporting entity? Alternatively, should the proposed amendments include minimum required disclosures?

Yes. We agree that the Proposed ASU should prescribe recurring disclosure objectives that would enable users of financial statements to understand the nature of investments in qualified affordable housing projects and the effect of the measurement of that investment and the related tax credits on the financial position and results of operations of the reporting entity. We strongly believe that this provides preparers the ability to determine how best to meet the disclosure objectives on an entity by entity basis. We do not believe that the Proposed ASU should include minimum required disclosures, as it would create significant inflexibility. Required minimum disclosures could be unnecessarily burdensome on many entities with these investments and may not add significant value for the users of the financial statements.

Question 7: Do you agree that the amendments in this proposed Update should be applied using a retrospective approach? If not, please explain why.

Yes. If the reporting entity elects to utilize the effective yield method, the amendments in the Proposed ASU should be applied using a retrospective approach to promote comparability in the financial statements.

Question 8: Do you agree that early adoption of the proposed amendments should be permitted? If not, please explain why.

Yes. We support the tentative decision to permit early adoption of the proposed amendments. This will allow all reporting entities with a significant amount of tax credit investments the necessary time to modify systems and processes to adopt the provisions of the Proposed ASU, while maintaining the option of early adoption if some reporting entities have the capability. This will also allow entities that may not have invested in these instruments previously the time required to establish systems and processes to ensure that the Proposed ASU is adopted appropriately.

Question 9: The amendments in this proposed Update would apply to public and nonpublic entities. Should the proposed amendments be different for nonpublic entities? If so, please describe how and why you think they should be different.

No. The proposed amendments should apply to and be consistent for both public and nonpublic entities.

Question 10: For preparers, how much effort would be needed to implement the proposed amendments?

The effort to implement the Proposed ASU will vary from entity to entity. The effort will depend primarily on each entity's sophistication and involvement with the tax credit investments, as well as their processes and systems in place.