December 12, 2014

Ms. Susan M. Cosper, Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasp.org

Re: File Reference No. 2014-260

Dear Ms. Cosper:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Accounting Standards Update, Practical Expedient for the Measurement Date of an Employer’s Defined Benefit Obligation and Plan Assets. We strongly support the efforts of the FASB to simplify accounting standards.

While this simplification is useful, we encourage the Board to continue to identify simplifications with respect to the fair value disclosures for investments of defined benefit plans in the financial statements of the plan sponsor. In many cases, short term changes in plan investments have only an indirect effect on the cash flows of the sponsor and, in the long run, may have no effect at all. However, we feel that the requirement to prepare those disclosures for use in the sponsor’s financial statements would increase the administrative costs of a funded plan, which could discourage employers from offering or maintaining defined benefit plans.

Our responses to the Questions for Respondents follow.

Responses on Invitation to Comment questions

Question 1: Should entities with fiscal year-ends that do not fall on a month-end be permitted as a practical expedient to measure their defined benefit plan assets and obligations as of the month-end that is closest to their fiscal year-end? If not, why?

We support the proposal that entities with fiscal year-ends that do not fall on a month-end be permitted as a practical expedient to measure their defined benefit plan assets and obligations as of the month-end that is closest to their fiscal year-end. We believe that the benefits of conducting an additional valuation at the fiscal year-end would rarely exceed the costs.
Question 2: Should the practical expedient be applied consistently to all plans if an employer has more than one plan?

We see no reason to prevent a reporting entity from using the practical expedient only for those plans for which an additional valuation would not be cost beneficial. In our view, the goal should be consistency from one period to the next for each plan, not for uniformity among plans of different magnitude or those in different economies where valuation may be more costly. Therefore, we support a requirement for consistency from period to period, but not a requirement for consistent application to all plans when an employer has more than one plan.

Question 3: Should the funded status be adjusted for other transactions (for example, benefit payments or plan amendments) that could occur between the date used to measure defined benefit plan assets and obligations and an entity’s fiscal year-end?

We support adjusting the funded status for all significant transactions that occur between the date used to measure the defined benefit plan’s assets and obligations, and the date of the entity’s fiscal year-end.

Question 4: Should an employer be required to disclose the accounting policy election and the alternative date used for measuring defined benefit plan assets and obligations?

We believe that all entities should disclose an election to use the practical expedient and the date used to measure the defined benefit plans’ assets and obligations.

Question 5: The Board’s goal is for the final Update to be adopted as soon as practicable. When should the proposed amendments be effective and should early adoption be permitted?

We believe this simplification would not require substantial changes in skills, systems, processes, or controls. Therefore, an early effective date would be appropriate for all plan sponsors. In fact, given the potential cost savings, the ability to early adopt would be practicable and desirable.

We would be pleased to discuss our comments with you. If you have any questions, please contact John Hepp, partner in the Accounting Principles Consulting Group, at 312-602-8050.

Sincerely,

/s/ Grant Thornton LLP