



LETTER OF COMMENT NO.

64 D

8-2-06

Director  
Financial Accounting Standards Board  
Emerging Issues Task Force

RE: EITF0604 – Comment Regarding Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements

To Whom It May Concern:

This proposed rule change is ludicrous. If this change is in response to WorldCom or Enron-style abuses, then it is off-the-mark. If smaller community banks are required to accrue for these benefits, then they will have to get rid of them. They will not be affordable and it will not make financial sense for them to keep a plan that would obviously help them retain their executives and directors.

It doesn't make sense that we would have to book an expense twice for the same benefit – once for the mortality charges and once for the pre-retirement accrual – both of which represent the present value of the expected death benefit. From a logical standpoint, can you name a single scenario where you would have to PAY OUT that accrual amount (i.e. where for some reason the death benefit would not be paid out through the life insurance product)? If so, I am open to listening. Otherwise, there is no reason that justifies this proposed legislation.

Implementing this new legislation not only negatively impacts the volume of potential clients/banks who would have engaged in such plans that would be beneficial to them and their employees, but you impact companies negatively, such as ours, to the point where it will significantly reduce the amount of production we are able to do. In turn, this could potentially lead to a reduction in workforce that may entail laying off very good people who need their jobs.

Sincerely,

Richard Brock  
Principal