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August 6, 2015

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Submitted via electronic mail to director@fasb.org

Re: File Reference # 2015-270: Improvements to Employee Share-Based Payment Accounting

Dear Mr. Golden:

We appreciate the opportunity to provide comments regarding the Financial Accounting Standards Board's (FASB) proposal to reduce complexity in accounting for stock compensation.

In summary, we strongly support the FASB's work to simplify the accounting for stock compensation and agree that its objective to reduce cost and complexity while maintaining or improving the usefulness of the information provided to users of financial statements is appropriate to measure the benefits of proposed changes. As noted in our responses to detail questions below, we believe this objective has been met for several elements of this proposal and suggest that the FASB move forward to finalize these elements. However, we do not believe the objective has been met for the first element of the proposal addressing the accounting for excess tax benefits and tax deficiencies. Instead we recommend that the FASB reconsider an alternative, suggested in a letter dated May 28, 2015 from the Committee on Corporate Reporting (CCR) of Financial Executives International, characterized as the "symmetrical equity approach." The following provides our detail comments and rationale; we have addressed only those questions that are pertinent to Cigna's current operations.

Question 1: Do you agree that the proposed amendments result in a reduction (or potential reduction) of cost and complexity while maintaining or improving the usefulness of information provided to users of financial statements? If not, why not?

As more fully discussed in our responses to Questions 2 and 3 below, we believe that the proposals concerning excess tax benefits and tax deficiencies are likely to decrease the usefulness of financial statement information and are not likely to result in reduced costs.

We agree that the proposals addressed in Questions 4, 5, and 6 have the potential to result in reduced costs and complexity while maintaining or improving the usefulness of information provided to the users of financial statements.

Question 2: Should excess tax benefits and tax deficiencies be recognized in the income statement? If not, why, and are there other alternatives that are more appropriate? Should an entity delay recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable? If yes, why?

No, we disagree with the proposal that excess tax benefits and tax deficiencies be recognized in the income statement for the primary reasons expressed by the CCR: it does not maintain or improve the usefulness of financial information and it is without conceptual merit.

The FASB expressed its conclusion in paragraph B209 of the former SFAS 123(R) that total tax deductions related to an award of share-based employee compensation pertain to two separate transactions or events: the first related to employee service and the income statement and the second related to the exercise of share options or vesting of shares and shareholders' equity. While the FASB does not appear to reject their own conclusion, they considered but rejected the view that all excess tax benefits and tax deficiencies should be recognized in APIC, without explanation. We believe the symmetrical equity approach is conceptually sound and recommend that the FASB reconsider their approach.

In addition, the expected volatile effects of the FASB's proposal on income tax expense and effective tax rates are acknowledged by them in paragraph BC5 and dealt with by increasing disclosures to help users understand these effects. In addition to these new footnote disclosures, preparers are likely to present additional non-GAAP disclosures in their MD&A to prominently display core earnings and related trends without these expected volatile effects to best help the users of their financial reporting understand their financial performance. Given the existing "disclosure overload" of financial reporting, we disagree with the Board's chosen solution to the complex treatment of the tax effects of exercising or vesting stock awards and suggest that they reconsider the symmetrical equity approach recommended by the CCR.

Question 3: Should the effect on tax cash flows related to excess tax benefits be classified as an operating activity on the statement of cash flows? If not, what classification is more appropriate and why?

No. Based on our response to Question 2, we believe that tax cash flows related to excess tax benefits should not be classified as an operating activity, but as a financing activity.

Question 4: Should entities be permitted to make an accounting policy election either to account for forfeitures when they occur or to estimate forfeitures? If not, why?

Yes, we believe this flexibility will potentially reduce complexity.

Question 5: Is the proposed expansion of the exception to liability classification related to the amount withheld for employee's taxes appropriate?

Yes. We strongly support the FASB's proposal to expand the exception to liability classification for the amount withheld for employees' taxes as we expect it to reduce complexity in accounting for such transactions while maintaining the usefulness of financial information. We believe that system and process changes needed to comply with this proposal are limited and that the information required to maintain compliance will be simpler and less time consuming than is required under the current standard.

Question 6: Should the cash paid by an employer to the taxing authorities when directly withholding shares for tax-withholding purposes be classified as a financing activity on the statement of cash flows? If not, what classification is more appropriate and why?

Yes.

Question 10: Are the transition requirements for each area appropriate? If not, what transition approach is more appropriate?

Yes.

Question 11: How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?

If our recommendations detailed in response to Questions 2 and 3 are included in the final amendments, we believe that implementation could be readily accomplished. If the Board does not include our recommendations, we believe that implementation of the proposal for excess tax benefits and tax deficiencies will demand additional cost and effort to develop systems, data and controls to track tax implications of awards at the individual grantee level at award and each exercise or vesting date. Such efforts will require at least one year following amendment of the Codification.

Thank you for considering our comments on the proposal. If we can provide further information or clarification of our comments, please call me (215-761-1170) or Timothy Holzli (215-761-2394).

Sincerely,

Mary T. Hoeltzel

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