



www.SkokieParkDistrict.org

**Weber Leisure Center
Administrative Offices**
9300 Weber Park Place, Skokie, IL 60077
(847) 674-1500, ext. 3500
Fax: (847) 674-9201

Dammrich Rowing Center
3220 Oakton Street, Skokie, IL 60076
(847) 674-1500, ext. 2200

Devonshire Aquatics Center
4400 Greenwood Street, Skokie, IL 60076
(847) 674-1500, ext. 3200
FAX: (847) 933-4538

Devonshire Cultural Center
4400 Greenwood Street, Skokie, IL 60076
(847) 674-1500, ext. 2400
FAX: (847) 933-4554

Emily Oaks Nature Center
4650 Brummel Street, Skokie, IL 60076
(847) 674-1500, ext. 2500
FAX: (847) 933-4328

Fitness First! Health Club
9300 Weber Park Place, Skokie, IL 60077
(847) 674-1500, ext. 2600
Fax: (847) 674-9201

Oakton Community Center
4701 Oakton Street, Skokie, IL 60076
(847) 674-1500, ext. 2700
FAX: (847) 933-4970

Park Services Center
7701 Skokie Boulevard, Skokie, IL 60076
(847) 674-1500, ext. 2800
FAX: (847) 674-8675

Skatium Ice Arena
9300 Weber Park Place, Skokie, IL 60077
(847) 674-1500, ext. 2900
FAX: (847) 674-1518

Skokie Heritage Museum
8031 Floral Avenue, Skokie, IL 60077
(847) 674-1500, ext. 3000
FAX: (847) 674-8958

Skokie Water Playground
4701 Oakton Street, Skokie, IL 60076
(847) 674-1500, ext. 3200
FAX: (847) 933-4538

Sports Park
3459 Oakton, Skokie, IL 60076
(847) 674-1500, ext. 3100
FAX: (847) 933-5135

Tot Learning Center
3701 Howard, Skokie IL 60076
(847) 674-1500, ext. 3400
FAX: (847) 933-4563

Weber Park Golf Course
9300 Weber Park Place, Skokie, IL 60077
(847) 674-1500, ext. 3600
FAX: (847) 674-1518

February 1, 2005



**National Gold
Medal Winner**

Mr. Lawrence W. Smith
Director of Technical Application and Implementation Activities
Financial Accounting Stan
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 144
File Reference: AICPA ICG
Date Received:

Dear Mr. Smith:

We have learned that the AICPA Investment Companies Expert Panel and Accounting Standards Executive Committee recently provided you with an issues paper requesting guidance on generally accepted accounting principles for valuing fully benefit responsive investment contracts held by non-registered investment companies (commingled stable value funds).

Our plan would like for you to consider the impact that your decision will have on thousands of small and medium plan investors nationwide who are only able to realize the full benefits of stable value by investing through commingled stable value funds. Stable value funds are an integral component of our retirement programs for hard-working public sector employees.

Stable value has and continues to be a popular investment option for our plan participants as it provides them with returns that are similar to an intermediate bond fund with risk levels comparable to a money market fund. The funds provide an essential balance against the risk of equity funds in long-term portfolios. Stable value's attractiveness as an investment option stems from returns that average 2%-4% greater than money market instruments, without a corresponding increase in risk. Currently, our plan's stable value assets are invested in the VantageTrust PLUS Fund managed by the ICMA Retirement Corporation.

We believe that it is imperative to preserve the current commingled stable value fund accounting treatment for fully benefit responsive investment contracts as commingled funds are the only vehicle that will allow small plans to realize the diversification and portfolio efficiency (lower risk and higher return) of large plans.

In our opinion, an unfavorable decision by the Financial Accounting Standards Board (FASB) would have a disparate impact on small and large defined contribution plans. The expected differences would be reflected by unequal performance, risk and cost profiles for large and small plans:

- 1) **Reduced Performance:** An unfavorable decision would create a two-tiered stable value portfolio structure. There would be efficient (higher return) portfolios for large plans (plans with more than \$25 million in stable value assets), and less efficient (lower return) portfolios for small- and mid-sized plans. This would negatively impact small- and mid-sized plans, and provide only the largest plans the opportunity to realize the most attractive returns in the stable value marketplace.
- 2) **Increased Risk:** In addition to access to higher return portfolios, large plans would also be able to more broadly diversify their portfolios, thereby, reducing the risk to plan participants. It is estimated that small- to mid- sized plans will only be able to diversify among 15-25 different issuers while large plans will have to ability to diversify among hundreds of different issuers. Also, fund managers such as ICMA-RC who set high credit quality standards may then be forced to purchase securities of lower-rated firms in order to meet the Funds investment demands.
- 3) **Increased Cost:** An unfavorable decision by the FASB would increase the cost of stable value investing for participants, plan sponsors and plan providers. ICMA-RC anticipates increased administrative and operational costs resulting from a decision to change accounting procedures for commingled stable value funds. Increased costs from the employer and ICMA-RC will reduce the rate of return to investors even further.

It is important to note that stable value funds have a history of being an efficient and beneficial investment for defined contribution investors. No investor has ever experienced a loss from a stable value investment. There is no reason to change the investment accounting standards for these funds.

As a public sector employer, we encourage the FASB to consider the public policy and social impact of their decision. An unfavorable ruling will place small- and mid-sized plans at a competitive disadvantage to large plans. It will also lower the retirement investment returns of thousands of workers serving small towns, counties and other public sector entities throughout America.

We urge you to allow stable value funds to continue meeting the retirement needs of our employees.

Sincerely,



William G. Schmidt
Superintendent of Business Services
Skokie Park District