WHATCOM COUNTY
ADMINISTRATIVE SERVICES
Whatcom County Courthouse
311 Grand Avenue, Suite 108
Bellingham, WA 98225-4038

Dewey G. Desler
Director

February 2, 2005

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

Letter of Comment No: 112
File Reference: AICPA ICG

Dear Mr. Smith:

Re: Commingled Stable Value Funds

Whatcom County has concerns about the change the FASB is considering in accounting standards relating to commingled stable value funds. These funds have a history of being an efficient and beneficial investment for defined contribution investors and are an integral component of our retirement programs. This investment option is popular with participants as it provides returns similar to intermediate bond funds with risk levels comparable to money market funds. Stable value funds average returns are 2-4% greater than money market instruments, without a corresponding increase in risk.

We believe that an unfavorable decision by the FASB would have a disparate impact on small and mid-sized defined contribution plans like ours. Our plan's stable value assets are invested in the VantageTrust PLUS Fund managed by the ICMA Retirement Corporation. ICMA-RC has advised us that they anticipate increased administrative and operational costs if a decision is made to change accounting procedures for commingled stable value funds. This would result in a reduction in the rate of return to our plan participants.

To our knowledge, no investor has ever experienced a loss from a stable value investment. As a public sector employer, we encourage the FASB to consider the public policy and social impact of this 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 to meet the retirement needs of our employees.

Sincerely,

Dewey G. Desler
Director

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