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May 30, 2006

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, Connecticut 06856-5116

Re: File Reference 1025-300

The Accounting and Auditing Committee (the Committee) of the Pennsylvania Institute of CPAs ("PICPA") appreciates the opportunity to comment on the Proposed Statement of Financial Accounting Standards, *Employer's Accounting for Defined Benefit Pension and other Postretirement Plans*.

**General Comments**

The Committee's discussion focused on timing issues and their economic consequences. The Committee has concerns relating to the proposed statements' implementation date and the pension funds' ability to align their measurement dates with those of the sponsor employers' balance sheet dates.

Changing the measurement date should not, theoretically, increase the costs to comply with the proposed statements disclosure requirements; it would shift the timing of such costs. However, we believe that in order to comply with the proposed statement, several plans would be required to quickly schedule fund valuations at year-end. Such a sudden surge in demand for these services during the same period may have the undesirable effect of causing the costs of such services to increase. In addition to cost concerns, it may not be practicable for all such plans to align their measurement dates with those of the sponsor employer's balance sheets dates by the implementation date of the proposed statement.

The Committee also expressed concern relating to the impact of the proposed statement on existing debt agreements. The committee members did not believe that many existing debt agreements included relief provisions for changes in subsequently issued accounting standards that would materially change the outcome of loan covenant provisions. The Committee believes that changing the measurement date might significantly impact loan covenants for sponsor employers.



We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Sincerely,

*Edward J. Straley* 156K

Edward J. Straley, CPA  
Chairman, PICPA Accounting and Auditing Procedures Committee