

BANK ASSETS, INC.

LETTER OF COMMENT NO. 23

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

To Whom It May Concern:

As a Founder and Director of a community bank where I was a participant in a Bank Owned Life Insurance financed nonqualified benefit plan (including an endorsement split dollar death benefit) and as a benefits consultant to community banks, I find your proposed rule change unbelievable.

If this change is in response to Enron-style abuses, then it's off-the-mark. If a small community bank is required to accrue for these benefits, then they will just have to get rid of them. It doesn't make sense that a bank 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.

I don't know of any bank accountants, in the 15 years I've been doing these plans, that have suggested a bank accrue for the present value of the death benefit.

I know you are bending over backwards to be as conservative as possible, but this is definitely over doing it. You are "throwing the baby out with the bath water."

Sincerely,

Darrell Sumner

President

Bank Assets, Inc.