

LETTER OF COMMENT NO.

95

Director Financial Accounting Standards Board Emerging Issues Task Force

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:

This proposed rule change makes no logical sense. If this change is in response to Enron-style abuses, then it is off-the-mark. If smaller community banks and businesses are required to accrue for these benefits, then they will have to get rid of them. They will not be affordable and it will not make financial sense for them to keep a plan that would obviously help them retain their executives and directors.

It doesn't make sense 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. From a logical standpoint, what is a scenario where a policy owner would have to PAY OUT that accrual amount (i.e. where for some reason the death benefit would not be paid out through the life insurance product)? I can see no reason that justifies this proposed accounting change.

This really comes down to two simple concepts: 1) NO POLICY = NO BENEFIT and 2) Why accrue for something that will just be reversed. It just makes no sense!

Implementing this change not only negatively impacts the companies who would have engaged in such plans that would be beneficial to them, but it impacts employees and their ability to provide appropriate death benefits to their families.

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