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Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Re: File Reference No. 2012-220

Dear Ms. Cospers:

MetLife, Inc. (MetLife) is pleased to comment on the FASB's Discussion Paper, *Disclosure Framework* ("the Discussion Paper"). MetLife is a leading global provider of insurance, annuities and employee benefit programs, serving 90 million customers in over 50 countries. Our comments below reflect our thoughts regarding the Disclosure Framework project and the suggestions made to promote more useful and effective financial disclosures for users of our financial statements.

MetLife is a proponent of the goal to produce more meaningful, more relevant, and thus more effective disclosures for financial statement users. We believe that a principles-based approach to establishing disclosure requirements for the notes to financial statements, and elsewhere within an entity's financial report, is the appropriate approach to achieve more meaningful financial reporting. It is also our hope that any effort taken in that regard would also have a bias towards reducing the volume of financial disclosures financial statement users currently face.

While the current financial disclosures trend towards excessive and, at times, less relevant within the notes to financial statements, there are positive attributes to the current disclosure guidance by Accounting Standards Codification ("ASC") Topic. Materiality considerations and illustrative disclosure guidance found in a number of ASC Topics afford preparers the ability to both assess relevance and meet a level of disclosure standardization and comparability that benefits the financial statement users. A principles-based disclosure framework should address some level of standardization and comparability between entities, either through illustrative implementation guidance or some other guidance mechanism.

Insight into the Board's thought process and rationale for disclosure requirements will be of significant assistance to preparers in determining and judging the relevance and appropriate level of certain disclosures. An additional guidance aid within a principles-based accounting and disclosure standard

should be clear articulation as to the Board's basis and rationale for conclusions when establishing either broad or topical accounting and disclosure standards.

We do not believe the goal of more effective disclosures can be achieved by solely focusing on the notes to financial statements. Until the Board engages with the United States Securities and Exchange Commission (the "SEC") to take a comprehensive and holistic approach to financial statement disclosures in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A"), we do not envision a significant reduction of duplicative and redundant disclosures in public filings or an improvement in overall disclosure effectiveness for publicly held companies. Additionally, we believe any principles-based financial disclosure framework developed by the Board should be aligned and be complimentary to the principles-based disclosure guidance within Regulation S-X. This should include codification of such guidance as recommended by the Advisory Committee on Improvements to Financial Reporting to the SEC¹. Finally, any forward-looking disclosures of a subjective nature (as contained in Section 1.23-c of the Discussion Paper) should be subject to the safe-harbor provisions afforded MD&A forward-looking disclosures and perhaps limited to the MD&A.

We appreciate the opportunity to comment on the Discussion Paper and offer some of our perspectives. We have also attached answers to a number of questions contained in the Discussion Paper. If you have any questions on the contents of this letter, please do not hesitate to call me.

Sincerely,



Peter M. Carlson

cc: John C. R. Hele
Executive Vice President and
Chief Financial Officer

¹ Final Report of the Advisory Committee on Improvements to Financial Reporting to the United States Securities and Exchange Commission (August 1, 2008)

Responses to Individual Discussion Paper Questions

Chapter 1—Scope and Introduction

Question 1: *The details of this Invitation to Comment do not focus on the informational needs of donors to not-for-profit organizations. How, if at all, should the Board’s decision process (see Chapter 2) be supplemented to consider the needs of donors? How, if at all, should not-for-profit reporting entities modify their decision-making process (see Chapter 4) for the needs of donors when deciding which disclosures to include in notes to financial statements?*

Under a principles-based approach to financial statement disclosures that focuses on the users of financial statements, we do not believe a separate focus for not-for-profit reporting entities should be necessary.

Chapter 2—The Board’s Decision Process

Question 2: *Do the decision questions in this chapter and the related indicated disclosures encompass all of the information appropriate for notes to financial statements that is necessary to assess entities’ prospects for future cash flows?*

While “assessing an entity’s prospects or impacts to future cash flows” is a primary indicator of the economics of a transaction or event, impacts to financial condition and liquidity are also perspectives that are relevant to users of financial statements. Furthermore, as principles-based standards are developed, allowing preparers the flexibility to disclose economic assessment within the context of an entity’s business and its business environment will be fundamental to providing effective disclosures. Such standards should also eliminate the incremental prescriptive guidance evidenced in recent standards such as fair value disclosures. In summary, disclosure principles solely focusing on prospects or impacts to future cash flows may not fully describe to the users of financial statements the economic impact of a transaction or event to a financial statement line item or an entity’s current and future financial results. We believe any accounting standard should accurately reflect the economic reality and financial impact of a transaction or event.

Question 3: *Do any of the decision questions or the related indicated disclosures identify information that is not appropriate for notes to financial statements or not necessary to assess entities’ prospects for future cash flows?*

Disclosures addressing the prospects for future cash flows can be forward-looking in nature. There is a fundamental difference between disclosing explicit forward-looking information with an object of analyzing an entity’s future earnings and financial position and disclosing the use of management’s best estimates of future cash flows inherent in accounting estimates contained in the financial statements. We believe analysis of future earnings and financial position of a forward-looking nature should be contained solely in the MD&A and not in the notes to financial statements.

Additionally, with respect to alternative accounting methods addressed in disclosure questions L-10, L-11, and L-14, we believe that a principles-based disclosure framework should be intent on minimizing the availability of accounting method alternatives wherever possible. Generally we do not believe accounting method alternatives would impact an assessment of future cash flows.

Question 4: Would these decision questions be better applied by reporting entities instead of the Board? In other words, should the Board change its practice of establishing detailed requirements in each project and, instead, establish a single overall requirement similar to the questions in this chapter?

We believe the Board should establish a principles-based framework to internally assess and develop disclosure requirements for each project. Where appropriate, based on feedback and commentary from regulators, financial statement users, and preparers, specific illustrative implementation guidelines should be established to promote a minimum level of disclosure as well as to promote a certain degree of standardization and comparability between entities.

The principles-based framework should be developed in conjunction with the SEC, be mindful of potential disclosure overlap, and promote the integration of disclosures between the MD&A, the notes to financial statements and other areas of a financial report.

Question 5: Do you think that this decision process would be successful in helping the Board to set more effective disclosure requirements? If not, what would be a better approach?

Yes, qualified by the responses provided above.

Chapter 3—Making Disclosure Requirements Flexible

Question 6: Would any of the possibilities in this chapter (see paragraphs 3.8 and 3.11) be a practical and effective way to establish flexible disclosure requirements?

We believe a balanced approach between the two extremes cited in Paragraph 3.8 is the most practical approach to achieve both relevant and effective disclosures as well as to control unnecessarily excessive disclosure volume. A balance of illustrative disclosure requirements provided by the Board and content subjected to the materiality and relevance to an entity's financial condition and cash flows seems to afford the best approach to meet the Board's stated goals, as well as providing a certain level of disclosure standardization and comparability.

Under a principle-based approach, we believe an additional level of importance and focus should be placed on the Board's thought process and reasoning behind the principle, contained in the Basis for Conclusions section of every Accounting Standards Update, with the overarching objective of an accounting standard fairly presenting the economics of a transaction or event. Clear communication of the Board's rationale for a standard will be critical in providing consistent application of a standard as well as a sound basis for preparers to document support for the nature and extent of disclosures provided.

Question 7: If more than one approach would be practical and effective, which would work best?

See Question No. 6.

Question 8: Are there other possibilities that would work better than any of the ones discussed in this chapter?

In a number of examples provided (e.g. Pensions and Stock-Based Compensation), the boilerplate prescriptive disclosures are the result of addressing the needs of regulators and financial statement users at a particular point in time. Unfortunately, no mechanism or forum currently exists to determine whether those disclosures are still relevant to current users and to change the requirements accordingly.

The Board should consider a mechanism to periodically reassess certain disclosures and their current relevance in the context of current user needs and make adjustments to disclosure requirements as deemed appropriate.

Chapter 4—Reporting Entities’ Decisions about Disclosure Relevance

Question 9: This chapter attempts to provide a benchmark for judgments about disclosure relevance by clarifying the objective for the judgments. Is the description of the approach clear enough to be understandable? If not, what points are unclear?

The description of the approach to determine disclosure relevance is clear and in many respects consistent with current disclosure decisions in practice today. One aspect to consider and acknowledge is the influence and requests from the investor community (and analysts) as a constituency that influences disclosure relevance.

Question 10: Can this approach (or any approach that involves describing the objective for the judgments) help identify relevant disclosures? If so, what can be done to improve it? If not, is there a better alternative? What obstacles do you see, if any, to the approach described?

As mentioned in the Discussion Paper, a primary role of the Board is to establish the relevancy of any accounting standard being contemplated. As indicated in our response to Question No. 6, the Board’s rationale for an accounting standard, as contained in the Basis for Conclusions, will be an important reference point for entities to determine and document its decision basis for disclosure relevance.

Furthermore, the condition that “relevant information would not be specified in a disclosure requirement” seems to relate to the current rules-based approach to certain disclosures. This should be overcome by a broad principles-based approach to new accounting standards. Perhaps this points to a need to review all current rules-based disclosures through the lens of a principles-based approach.

Question 11: Reporting entities would need to document the reasons for their decisions about which disclosures to provide. How would reporting entities document the reasons for their disclosure decisions and how would auditors audit those decisions?

No response.

Chapter 5—Format and Organization

Question 12: Would any of the suggestions for format improve the effectiveness of disclosures in notes? If so, which ones? If not, why not?

We believe entities already have the latitude to organize the sequence of note disclosures in a manner that supports their financial statements, correlates to and supplements the MD&A, and provides a cogent story of the financial condition and results of an entity. We believe this should be an entity-based decision and project.

Generally, we feel that a macro-perspective approach based on materiality and relevance to the entity followed by specific line item level disclosures in the financial statements would provide the most value to financial statement users.

Question 13: What other possibilities should be considered?

See Question No. 12.

Question 14: Do any of the suggested methods of organizing notes to financial statements improve the effectiveness of disclosure?

See Question No. 12.

Question 15: Are there different ways in which information should be organized in notes to financial statements?

See Question No. 12.

Chapter 6—Disclosures for Interim Financial Statements

Question 16: Do you think that any of the possibilities in this chapter would improve the effectiveness of disclosures for interim financial statements?

Generally, we view interim financial statements to be a continuation of the latest annual financial statements and interim disclosures should focus on relevant changes since the prior year end and the effect on the baseline annual financial statements. A disclosure framework consistent with the annual disclosure framework that focuses on and emphasizes changes during the interim period would seem appropriate.

Maintaining a certain degree of consistency between the annual and interim disclosures, similar to that established by Regulation S-X Rule 10-01, appears necessary to maintain a level of standardization between interim and annual reports. However, by emphasizing and focusing on changes from the annual report, a certain degree of disclosure flexibility, decreased volume and repetition, and overall disclosure effectiveness could be achieved.

Question 17: If you think that a framework for the Board's use in deciding on disclosure requirements for interim financial statements would improve the effectiveness of interim reporting, what factors should the Board consider when setting disclosure requirements for interim financial statements?

See Question No. 16 above.

Question 18: If you think that a framework for reporting entities' use in deciding on disclosures for interim financial statements would improve the effectiveness of interim reporting, what factors should reporting entities consider when providing disclosures for interim financial statements?

See Question No. 16 above.

Question 19: What impediments do you see regarding the development of a framework for the Board, reporting entities, or both that addresses disclosures for interim financial statements?

No response.

Chapter 7—Other Matters for Discussion

Question 20: Would the change to the requirements described in paragraph 7.8 for disclosure of the summary of accounting policies improve the effectiveness of disclosure?

Disclosure of significant accounting policies can be voluminous, yet is not the most onerous disclosure for preparers to produce. For many users, this disclosure can provide a transparency and offer a level-setting of comparing across industries with differing industry-specific accounting methods. We do not see the proposed changes contemplated in paragraph 7.8 as being beneficial to financial statement users.

Redundancy between the MD&A and the notes to financial statements currently promotes significant overlap and we believe addressing that overlap (driven by rules and interpretive guidance) would provide a more beneficial solution to promoting more effective and less voluminous disclosures.

Question 21: Should the summary of accounting policies include information about industry-specific accounting policies?

See Question No. 20 above.

Question 22: Are there other required disclosures that could be modified or eliminated in the short term that would result in a significant reduction in the volume of notes to financial statements?

No response.