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AMERICAN ACADEMY *of* ACTUARIES

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October 20, 2017

Ms. Beth Thompson  
Chairperson, Expert Panel - Employee Benefits Plans  
American Institute of CPAs  
1455 Pennsylvania Ave NW #10  
Washington, DC 20004

Re: FASB ASC 960 Reporting for Defined Benefit Plans

Dear Ms. Thompson:

On behalf of the American Academy of Actuaries<sup>1</sup> Pension Accounting Committee and Pension Committee, we are writing to express our concerns regarding certain aspects of the current ASC 960 reporting standards for defined benefit plans. Members of the Pension Committee work extensively with defined benefit plan sponsors and administrators to serve their actuarial consulting needs, while members of the Pension Accounting Committee bring expertise in financial reporting for retirement plans. We believe that the current requirements for calculating liabilities under ASC 960 are creating significant costs for plan sponsors with little or no corresponding benefit to financial statement users.

The Pension Protection Act of 2006 (PPA) changed the framework for measuring pension liabilities. Since PPA took effect, we have observed that the disclosures for qualified pension plans regarding present value of accrued benefits under ASC 960 no longer correspond to the values of plan liabilities reported on the Schedule SB attachment to Form 5500. This seems to be counter to the original intent of these disclosures, as noted by Financial Accounting Standards Board (FASB) in the “Basis for Conclusions” section that accompanied the initial release of Financial Accounting Standards (FAS) 35:

*The Board believes that unnecessary differences between the benefit information presented in plan financial statements and related information presented in schedules filed by ERISA plans pursuant to the Act could result in additional costs being incurred by preparers of the information and might also cause some confusion to those who use the information. Therefore, the Board worked closely with the Department of Labor*

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<sup>1</sup> The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States. H.R. 2748 introduced in the 111th Congress

*(Department) in an attempt to avoid unnecessary differences. As discussed further in subsequent paragraphs, that cooperative effort was successful in developing a basic method of determining benefit information that will satisfy both financial reporting requirements and Form 5500 reporting requirements.*

We believe ASC 960 concerns are an important issue to be addressed, especially in light of the ongoing costs to plan sponsors.

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The Pension Accounting Committee and Pension Committee welcome the opportunity to discuss this issue with you and other members of the Expert Panel and to assist with identifying potential alternative approaches that could be presented to FASB should it open a project on ASC 960. Please contact Monica Konaté, the Academy's pension policy analyst (202-223-8196, [konate@actuary.org](mailto:konate@actuary.org)) if you have any questions or would like to discuss these items further.

Sincerely,

Francis Ratna, MAAA, FSA, FIAA  
Chairperson, Pension Accounting Committee  
American Academy of Actuaries

Ellen L. Kleinstuber, MAAA, FSA, FCA, FSPA, EA  
Chairperson, Pension Committee  
American Academy of Actuaries