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September 7, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Exposure Draft, *Proposed Accounting Standards Update*, Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans

(File Reference No. EITF 100C)

Dear Mr. Golden:

The New York State Society of Certified Public Accountants, representing more than 27,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Mark Mycio, Chair of the Financial Accounting Standards Committee at (212) 838-5100, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Margaret Ann Wood

NYSSCPA NYSSCPA

Margaret A. Wood
President

Attachment

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NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

EXPOSURE DRAFT, *PROPOSED ACCOUNTING STANDARDSDS UPDATE*, PLAN ACCOUNTING—DEFINED CONTRIBUTION PENSION PLANS (TOPIC 962): REPORTING LOANS TO PARTICIPANTS BY DEFINED CONTRIBUTION PENSION PLANS

(FILE REFERENCE NO. EITF 100C)

September 7, 2010

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New York State Society of Certified Public Accountants

Financial Accounting Standards Committee

Comments on

Exposure Draft, *Proposed Accounting Standards Update*, Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans

(File Reference No. EITF 100C)

We have the following responses to the questions for respondents:

Question 1: Do you agree that participant loans should be classified by defined contribution pension plans as notes receivable, separately from plan investments? If not, why not? What alternative classification would you prefer and why?

Response: Yes, we agree.

Question 2: Do you agree that participant loans should be measured at their unpaid principal balance plus any accrued but unpaid interest? If not, why not? What alternative measurement would you prefer and why?

Response: We agree that participant loans should be valued at their unpaid principal balance plus any accrued but unpaid interest. However, we believe that the *Proposed Accounting Standards Update* (Update) should include implementation guidance in ASC 962-310-55 illustrating the accounting and disclosure for participant loans in default. See also our response to question 3 below for further information.

Question 3: The Task Force concluded that no additional disclosures specific to participant loans would be required as part of the amendments in this proposed Update. Do you agree? If not, what additional disclosures do you believe would be necessary?

Response: We do not agree that no additional disclosure requirements specific to participant loans would be required as part of the amendments in this proposed update.

Plan documents govern how participant loans in default are treated. Specifically, participant loans that are in default typically remain an asset of the Plan until it is actually repaid, the default cured in some other manner, there is a permissive distributable event (for example, death, termination of employment or liquidation of a participant’s account) or the loan is considered to be cancelled and therefore recorded as a distribution. Therefore, we believe that disclosure requirements should be included in the final Update regarding the accounting policy for treatment of delinquent participant loans that are in default. We believe that a plan’s financial statement should include disclosures that make it clear that participant loans that are in default remain an asset of the Plan and should not be written off or measured for impairment. Instead they should be measured at unpaid principal balance plus any accrued but unpaid interest until such time as the Plan document would treat the loan as a deemed distribution.

Although not required disclosures by the Accounting Standards Codification, additional disclosures will likely be required to comply with Department of Labor rules for reporting and disclosure pertaining to differences in classification of participant loans in the financial statements and schedule of assets held for investment and on IRS Form 5500. However, we do not believe that such additional disclosures will be difficult to implement.

Question 4: Do you agree that the amendments in this proposed Update should be applied retrospectively, with early adoption allowed? If not, why not?

Response: We agree that the amendments in this proposed Update should be applied retrospectively with early adoption allowed.

We have included the following potential matter solely for the Board's consideration regarding the effective date of a final Update. Many employee benefit plan audits are conducted as "limited scope" audits pursuant to ERISA and Department of Labor (DOL) regulations, and it is unclear whether participant loans will need to be audited or if they will continue to be covered by the trustee's certification. The DOL should be consulted as to whether a loan receivable would be included under DOL rules as an investment subject to the certification. Currently only investments and the related investment income or loss can be certified to. It is unclear whether this would require a change to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and disclosure under ERISA in order for loan receivable to be covered by the certification. If this issue can be resolved in time, we suggest that the effective date for this proposed Update apply to years ending on or after December 15, 2010, with early adoption permitted. Such an effective date would provide sufficient time for auditors and the management of plan sponsors of defined contribution plans to conclude on this auditing matter.

Question 5: How much time do you believe would be necessary for you to efficiently implement the amendments in this proposed Update?

Response: We believe that the time necessary to implement the amendments in this proposed Update would be insignificant. See also our response to question 4.