



September 20, 2019

David R. Bean, CPA
Director of Research and Technical Activities
GASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: June 24, 2019 GASB Proposed Statement (ED), *Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32 (Project No. 3-33)*

Dear Mr. Bean:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 418,000 members in 143 countries, and a history of serving the public interest since 1887. One of the objectives that the Council of the AICPA established for the Private Company Practice Section (PCPS) Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC appreciates the Board's effort with this ED to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

According to paragraph B6 of the ED, "the Board believes that for a Section 457 plan in which the amount received by the employee in retirement is based solely on the amounts accumulated in the employee's account during active service, the presence of employer contributions during the employee's active service period demonstrates that a benefit—in the form of retirement income—is being provided by the government and, therefore, that such a Section 457 plan meets the definition of a pension plan."

TIC believes there could be some confusion in practice as to when the plan should be accounted for as a pension plan in cases where the plan allows for employer contributions, but the employer has currently elected not to make contributions, or when the employer has made contributions in a prior year but is not currently making contributions.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Danielle Supkis-Cheek". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Danielle Supkis-Cheek, Chair
On Behalf of the PCPS Technical Issues Committee