Letter of Comment No. 154 File Reference: 34-E Date Received: 10/12/11



October 12, 2011

Project No. 34-E Governmental Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

Re: Exposure Draft documents comments

Dear Mr. Bean,

Thank you for inviting comments on the Exposure Draft documents (ED) of the GASB Post Employment Benefit Project. I am the president of Bolton Partners, Inc., a full service actuarial and benefit consulting firm that consults on public sector retirement plans throughout the United States.

To keep our comments short and focused, we would like to say that we support the detailed comment letter being submitted the Steering Committee of the CCA Public Plans Community (CCA).

Although there are many issues warranting discussion, we will focus on three areas in this comment letter:

- 1. Elimination of the ARC
- 2. Support for the expected return/blended discount rate proposal
- 3. Placing the Net Pension Liability on the balance sheet

Elimination of the ARC (Separation of accounting from funding)

We understand that GASB has moved the focus from a funding friendly accounting basis to one that has no material tie to good funding. We are concerned that funding will be negatively affected since any eventual replacement to the ARC may not have the authority to positively influence funding as the current ARC/NPL rules. We encourage GASB to favor rules that will strengthen funding and not weaken it.

Support for the expected return/blended discount rate proposal

We support the proposed use of the expected return discount rate when plans are not projected to run out of money (under the rules described in the Exposure Drafts). We believe that this is one of the few areas left by GASB to encourage prefunding of these benefits.

Letter of Comment No. 154 File Reference: 34-E Date Received: 10/12/11

Mr. Bean October 12, 2011 Page Two

Placing the Net Pension Liability on the balance sheet

We are concerned about the use of the balance sheet approach taken in the EDs. We believe this approach would result in high volatility and would not be decision useful. If the balance sheet approach were adopted, we would support the CCA comments in this area including showing the deferred inflows and outflows close to the NPL values.

Thank you for your attention and efforts in this area.

Sincerely,

BOLTON PARTNERS, INC.

Robert G. Bolton, President