From: Susan E. Budak  
Sent: Friday, July 18, 2014 10:10 AM  
To: Director - GASB  
Subject: Project No. 34-1NTP

Hello,

I would like to share a grammatical comment on the Exposure Draft, Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68.

I am having a hard time reading the following scope paragraph:

4. This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are not administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which the following criteria are met:
   a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
   b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
   c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The difficulty is because it is unclear which to which noun the highlighted phrase refers—trusts or plan, particularly if someone is not familiar with Statements No. 67 and 68. After reading through the ED, I am of the opinion that the phrase is meant to refer to “trusts.” If that is correct, the scope paragraph would be better written as:

4. This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are not within the scope of Statements No. 67 and 68 because the plans that are not administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that do not meet all of the criteria of paragraph 3 of Statement No. 67 and paragraph 4 of Statement No. 68.

5. Those criteria are:
   a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
   b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

Similar grammatical problems occur throughout the ED when the following phrase appears because is it unclear whether the highlighted phrase refers to “trust” or back to “plans:”

pension plans that are not administered through trusts that meet the criteria in paragraph 4

After reading through the ED, I am of the opinion that the phrase is meant to refer to “trusts.” If that is correct, the phrase would be better written as:

pension plans administered through trusts or equivalent arrangements that do not meet all the criteria in paragraph 5.

Even better would be to define a term (perhaps “atypical plans”) that is defined as above (spelling out the criteria), and then using the glossary-defined term instead of the unclear phrase.

Thank you for consideration of my suggestion,

Sue Budak