September 3, 2019

Director of Research and Technical Activities
Project No. 3-33
director@gasb.org

To Whom It May Concern:

We appreciate the opportunity to respond to the exposure draft of the Governmental Accounting Standards Board (the Board) on Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32. In general, we agree with the Board’s guidance. However, we have one comment for consideration.

In Paragraph 4, we believe the Board should further clarify when a Section 457 plan would meet the definition of a pension plan. Appendix paragraph B6 indicates that the presence of employer contributions to a Section 457 plan during the employee’s active service period demonstrates a retirement benefit and would meet the definition of a pension plan. It further explains, “if only employees contribute to a Section 457 plan that otherwise would meet the definition of a defined contribution pension plan, the government is not providing a benefit and the Section 457 plan would not meet the definition of a pension plan.” If it is the intention of the Board that there must be an employer contribution in order for a Section 457 plan to be considered a pension plan as described in paragraph B6, we suggest bringing this concept forward to the authoritative guidance in Paragraph 4 to improve consistency in application.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact Zach Borgerding or me at (804) 225-3350.

Sincerely,

[Signature]
Martha S. Mavredes
Auditor of Public Accounts