September 12, 2019

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board’s Exposure Draft (ED), Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32.

We generally agree with the provisions of the ED and believe the requirements will result in more relevant information to the users of the financial statements. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

Paragraph 4
We request that the Board clarify when a Section 457 plan would meet the definition of a pension plan. 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 believe this concept should be brought forward to the authoritative guidance in Paragraph 4 to improve consistency in application.

Paragraphs B8 and B13
The Board describes the need for the government to reconsider fiduciary reporting of a Section 457 plan if the plan meets the definitions. We encourage the Board to include specific examples in future implementation guidance.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O’Ryan of NASACT at (859) 276-1147 or me at (802) 828-3322.

Sincerely,

Beth Pearce
President, NASACT
State Treasurer, Vermont