

## CALL TO ACTION

**WHY?** GASB's proposed changes in to the way in which government sponsors of defined benefit (DB) pension plans account for and report their pension assets and liabilities in their annual financial reports would:

- inflate employers' perceived costs;
- increase the perception of volatility in their liabilities;
- raise public confusion over the adequacy of plan sponsors' funding efforts; and
- eliminate proven and much-needed tools to help enforce funding discipline.

**WHO?** GASB wants to hear from the users of government financial statements, particularly elected representatives and their staff, as well as government officials and other oversight bodies. Comments from people who help prepare financial statements, such as public pension funds and public pension actuaries, are welcome, but GASB believes that the users of financial statements, not the preparers, are in the best position to help it understand whether or not the information that would result from the PV's proposed changes would be useful in fulfilling the users' needs for governmental financial information.

**WHAT?** GASB wants the users to tell them how the PV's proposed changes will affect the usefulness of the information in a plan sponsor's financial statements to (1) the analyses the users perform, the work they do, or the decisions users of this information must make; (2) the users' ability to assess a government's accountability; and (3) the assessment of interperiod equity by the users (i.e., whether current-year revenues are sufficient to pay for the services provided that year and whether future taxpayers will be required to assume financial burdens for services previously provided).

As a user, it is therefore critically important that you provide GASB with your views in these areas. Here are some suggested key points for you to consider in communicating your views:

1. You are a user of financial statements. Stress that you are writing as a user of government financial statements, and briefly explain why and how you use them.
2. Your ability to make sound decisions will be impaired. Explain why the GASB PV's changes to the balance sheet will not make it more useful to your decision-making process.
3. Accountability will be diminished, not enhanced. Discuss why the balance sheet will no longer provide policymakers and others with a funding target and a tool to know whether pension plan sponsors are making an effort to pay their fair share of their pension costs.
4. Interperiod equity will be threatened. Explain how the addition of a disproportionately large, highly volatile pension liability number to the balance sheet will render it virtually useless for managing competing long-term governmental needs.

5. The current GASB system is working. Explain that such drastic changes as proposed in the PV are unnecessary, and that the employer's unfunded pension obligation should continue to be subject to disclosure in notes to financial statements, as required in GASB's current standards governing pension accounting and financial reporting, and not recognized on the employer's balance sheet.

*Some suggested illustrations for you to consider using are provided in the POINTS TO CONSIDER INCLUDING IN EMPLOYER COMMENTS section of this tool kit, along with links to some sample letters from employers.*

**HOW?** Comments can be filed--

By email: send your comments to [director@gasb.org](mailto:director@gasb.org)

By traditional mail: include your comments in a letter and mail to:

Director of Research and Technical Activities  
Project No. 34  
Governmental Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

**WHEN?** GASB has requested written comments on the PV by September 17, 2010, and plans to hold public hearings on October 13th in Dallas; October 14th in San Francisco; and October 27th in New York City. (Requests to testify at any one of these hearings must also be received by September 17<sup>th</sup>.)

If you cannot get your written comments filed by September 17<sup>th</sup>, submit them as soon as you can. Clearly, GASB will still be receiving oral comments through the end of October, and it therefore seems unlikely that they would choose to ignore written input from important users of financial statements during that period as well.

If you do file comments in connection with the GASB PV, please consider providing NCTR with a copy. This can be sent electronically to [lsnell@nctr.org](mailto:lsnell@nctr.org), or by mail to:

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