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July 20, 2026

Via email to director@fasb.org

Mr. Jackson M. Day, Technical Director
Financial Accounting Standards Board
801 Main Avenue
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Compensation—Retirement Benefits—Defined Benefit Plans—Pension (Subtopic 715-30): Discount Rate Used to Measure the Benefit Obligation for Certain Market-Return Cash Balance Plans (File Reference No. 2026-ED100)

Dear Mr. Day,

We appreciate the opportunity to respond to the Board's exposure draft on *Discount Rate Used to Measure the Benefit Obligation for Certain Market-Return Cash Balance Plans*.

We support the Board's proposal to clarify the discount rate used to measure the benefit obligation for certain market-return cash balance plans under Topic 715. We believe the proposed amendments will improve consistency in practice, enhance comparability, and better align the measurement of these obligations with the underlying economics of the plans. We support the Board's decision to maintain a narrow scope for this project and encourage continued monitoring of practice to determine whether similar issues arise in other plan types that may warrant future consideration.

We included one clarifying observation in our responses to the Questions for Respondents in the attached Appendix.

We would be pleased to discuss our comments with the FASB staff. Please direct any questions to Jennifer Kimmel (203) 905-6284 or Angela Newell (214) 689-5669.

Very truly yours,

BDO USA, P.C.

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Appendix

Question 1: Is the scope of the amendments in this proposed Update described in paragraph 715-30-35-43A clear and operable? Do you anticipate any auditing challenges? Please explain why or why not.

We believe the proposed scope is generally clear and operable and appropriately identifies the population of market-return cash balance plans for which the proposed measurement approach is intended to apply. We do not anticipate significant auditing challenges because the scope criteria are objective and are generally based on plan design features that should be readily identifiable through plan documentation and actuarial analyses.

We also agree with the Board's conclusion in BC15 that the scope is sufficiently narrow and focused on the specific issue identified by stakeholders. In particular, the requirement that benefits be based on specified forms of investable market returns and that participants have the option to elect lump-sum payments appropriately identifies plans for which the benefit obligation is intended to approximate the hypothetical account balance.

Question 2: Would the proposed amendments, which would require the assumed interest crediting rate to be used as the discount rate to measure the benefit obligation of in-scope market-return cash balance plans, provide decision-useful information and improve comparability? Are the proposed amendments clear and operable? Do you anticipate any auditing challenges? Please explain why or why not.

We support the proposed requirement to use the assumed interest crediting rate as the discount rate for in-scope market-return cash balance plans. We believe this change will provide more decision-useful information and improve comparability.

We do not anticipate significant auditing challenges. The assumed interest crediting rate is generally specified in plan terms or derived through established actuarial processes. Actuaries already develop and support similar assumptions in the normal course of measuring pension obligations, and therefore implementation should be operationally feasible.

Question 3: Do you agree that the assumed interest crediting rate should be used as the discount rate in all circumstances for in-scope market-return cash balance plans? If not, under what circumstances would it be appropriate to use a different discount rate? Please explain your reasoning.

We agree that the assumed interest crediting rate should be required as the discount rate in all circumstances for in-scope market-return cash balance plans.

Requiring a consistent approach eliminates optionality and enhances comparability across entities. It also aligns with the objective of the amendments, which is to ensure that the benefit obligation reflects the economics of the plan. We agree with the Board’s conclusion in paragraph BC24 that requiring the assumed interest crediting rate in all circumstances will improve consistency and comparability and reduce diversity in practice.

Based on our experience, we are not aware of circumstances in which the use of an alternative discount rate would provide more decision-useful information for plans within the scope of the proposed amendments.

Question 4: Should the proposed amendments be applied to other defined benefit plans that are economically similar to in-scope market-return cash balance plans? If so, please describe the nature of those other defined benefit plans, how they would be defined, and how pervasive they are. If the proposed amendments are expanded to other defined benefit plans, are there any changes that would need to be made to the proposed amendments? If so, please explain why and describe the changes that you would recommend.

We understand that other defined benefit plans may share certain economic characteristics with in-scope market-return cash balance plans. For example, the Board noted in BC17 that certain variable annuity plans and foreign plans may exhibit similar characteristics.

However, based on our experience, we are not aware of a significant population of such plans to justify expanding the scope at this time. We recommend that the Board continue to monitor practice and consider whether future standard setting may be appropriate if similar measurement issues arise in other plan types.

Question 5: Do you agree with the proposed consequential amendments to the guidance on cash balance plans in paragraph 715-20-25-3 and the guidance on the measurement of accumulated benefit obligations for plan reporting in paragraph 960-20-35-1B? Please explain why or why not.

We agree with the proposed consequential amendments to Subtopics 715-20 and 960-20.

Aligning the assumptions used in sponsor-level and plan-level accounting enhances consistency within GAAP and avoids potential mismatches between sponsor-level and plan-level reporting.

We recommend that the Board consider whether the reference to "estimated cost" in proposed paragraph 960-20-35-1B is appropriate. Specifically, paragraph 960-20-35-1B states that "*Other assumptions that are necessary but are not inherent in that estimated cost shall be selected pursuant to the requirements in paragraph 960-20-35-1.*" Unlike paragraph 960-20-35-1A, proposed paragraph 960-20-35-1B does not refer to determining an estimated cost to obtain an insurance contract. Therefore, it is unclear whether the reference to "that estimated cost" was intentionally retained or inadvertently carried forward from paragraph 960-20-35-1A. We recommend that the Board clarify this wording in the final amendments.

Question 6: The proposed transition requirements require that entities apply the proposed amendments on a prospective basis and disclose the nature of and reason for the change in accounting principle. Are the proposed transition requirements operable? If not, why not, and

what transition method would be more appropriate and why? Would the proposed transition disclosures provide decision-useful information? Please explain why or why not.

We support the proposed requirement to apply the amendments on a prospective basis.

Retrospective or modified retrospective application would likely involve significant cost and complexity, while providing limited incremental benefit to financial statement users.

Applying the change prospectively is consistent with how changes in actuarial assumptions, including discount rates, are reflected under current pension accounting guidance.

We believe the proposed transition disclosures requiring entities to describe the nature and reason for the change provide sufficient decision-useful information. Accordingly, we believe the proposed transition requirements are operable and appropriate.

Question 7: How much time would be needed to implement the proposed amendments? Should the effective date for entities other than public business entities be different from the effective date for public business entities? Please explain why or why not. If so, how much additional time would you recommend for entities other than public business entities?

We do not expect significant implementation challenges associated with the proposed amendments.

The required inputs, including the assumed interest crediting rate, are generally available through existing plan documentation and actuarial processes. The amendments do not introduce a new accounting model or measurement framework but instead refine an existing assumption used in measuring in-scope market-return cash balance plans. As a result, we do not expect significant implementation costs or system changes.

Accordingly, we believe a standard implementation period established by the Board would be sufficient, and we do not believe a different effective date for entities other than public business entities is necessary.

Question 8: The proposed amendments would permit early adoption. Do you agree that early adoption should be permitted at any time prior to the effective date? Please explain why or why not.

We support permitting early adoption.

Early adoption would allow entities to reflect the improved measurement approach sooner without significant cost or complexity. Given the targeted nature of the amendments and the limited implementation effort expected, we do not believe it is necessary to restrict early adoption.

We agree that entities should be permitted to adopt the amendments at any pension measurement date, consistent with the prospective transition approach and the Board's objective of allowing entities to realize the benefits of the amendments as soon as practicable.