



# FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

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September 1, 2019

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Re: Project No. 3-33, IRC Code 457 Plans

Dear Mr. Bean:

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the GASB Exposure Draft on Project No. 3-33, *Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32*. The comments below were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

Our review of this exposure draft revealed several areas requiring further clarification, as noted below.

Paragraph 4 refers to the definition of a pension plan in the glossaries of both Statements 67 and 73, where there are several types of pension plans defined. In this case, we request defining the pension plan referred to, or if referring to the general definition, formatting “pension plan” in bold to clarify.

Please clarify in paragraph B3 under what circumstances a 457 plan is required to be reported as a fiduciary activity under Statement 84, when no employer contributions are made to the plan. Additionally, please clarify whether there could be circumstances in which a 457 plan with employer contributions (i.e. a pension plan) does not meet the requirements of Statement 84 to be reported as a fiduciary fund (e.g. not a component unit and the sponsoring government does not control the assets). Please consider including this guidance in the body of the standard, rather than as background material due to its significance.

Paragraph B6 states that the presence of employer contributions to a 457 plan indicates a retirement benefit (pension) is being provided, causing the 457 plan to meet the definition of a pension plan. There may be situations in which an employer is allowed to contribute, based on the plan documents, but makes that determination annually during the budgeting process. Please clarify what the proper treatment would be in this situation, where an employer is allowed, but not required, to make contributions.

Additionally, please consider whether any other factors, such as immediate 100% vesting of employees in the 457 plan account, lack of employer control over the assets and investment options selected by employees, and retirement income being dependent on the performance of the investments selected by the employee, would

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affect whether the employer contributions are characterized as a retirement benefit or current wages which the employee defers. Please consider including this guidance in the body of the standard, rather than as background material due to its significance.

We would like to thank the GASB for its efforts in preparing the exposure draft, and for the opportunity to respond. Please feel free to contact me at (727) 464-3341, or [kburke@mypinellasclerk.org](mailto:kburke@mypinellasclerk.org) regarding the comments above.

Sincerely,



Ken Burke, CPA  
President