

October 20, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 1860-100

Dear Sir or Madam:

The Financial Reporting Committee ("FRC") of the Institute of Management Accountants ("IMA") appreciates the opportunity to provide its views to the Financial Accounting Standards Board ("FASB" or "Board") on the Proposed Accounting Standards Update Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80): Disclosure about Employer's Participation in a Multiemployer Plan.

FRC is the financial reporting technical committee of the IMA. It is comprised of representatives from some of the largest companies and accounting firms in the world, along with valuation experts, accounting consultants, academics and analysts. FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations.

We are supportive of the intent of this ASU. We agree there is a lack of transparency as to the potential obligations that an employer may have as a result of participation in a multiemployer postretirement plan. We agree that it would be useful to provide information to help understand the amount by which a postretirement plan is underfunded, the portion that would be attributable to an employer, and expected or potential cash flows associated with this obligation. However, we are concerned about the number of proposed disclosures and whether the proposal would require additional costs to get information sooner than it is now available. We believe the objectives of the ASU could be met by adding only some of the proposed disclosures and allowing employers to use information from the plan's most recent annual financial statements.

We believe the most important information is the assets and the accumulated benefit obligations of the plan (including those for prior periods to get a sense of trends) and some basis for measuring the employer's level of participation in the plan. Accordingly, we agree that the proposed disclosures listed as letters e, f, and i in paragraph 715-80-50-1B should be required.

10 Paragon Drive Suite I Monteale, N.i 0764 www.imanek.org We also believe that general information about the plan and known exposures would be helpful, shown as letters c.1, c.5, d, and g. We support continuing the existing requirement to disclose the amount of contributions and to add a requirement identify any known trends that will affect contributions (letters j and l). However, this still greatly increases the number of disclosures. As we are concerned with the increased number of disclosures, we would be amenable to not requiring them.

We believe that the remaining proposed disclosures have limited value or would difficult to estimate and should not be required. For example, for many plans, the amount of contributions is based on a rate per employee or per hour worked. A company could be required to estimate the number of hours it expected its employees to work in the coming year so that it could disclose its expected contributions for the coming annual period (letter k).

Since most employers would expect to continue participation in its current multiemployer plans, we don't understand the requirement to provide the amount of a withdrawal liability (letter m). Since an employer would have already disclosed the funded status of the plan and its level of participation, unless an employer believed it was probable that a withdrawal would occur, these disclosures should not be required. We don't believe employers should be required to provide both an ongoing and a liquidation estimate of the liability.

We are also concerned about whether companies can obtain this information in time to meet accelerated filing deadlines. Most benefit plans prepare their financial statements several months after their fiscal year ends. This is because the primary driver for preparing these financial statements is to meet tax and ERISA filing deadlines. Additionally, since plans may have Level 2 and Level 3 assets under the fair value hierarchy, it takes time to determine these values and validate them. Generally a multiemployer plan's financial statements for the recent plan year-end will not be available when an employer is issuing its financial statements. Although the proposed ASU includes the phrase "if obtainable" we are concerned whether auditors or regulators will expect preparers to spend extra effort and money to obtain this information sooner. The ASU should be modified to require that information about assets and accumulated benefit obligation be from the most recently available year-end financial statements, not as of the most recent plan year-end.

The proposed ASU amends paragraphs 715-30-55-62 and 715-30-55-63 that provide guidance on plans that are in substance aggregations of single-employer plans. The ASC contains the example of a chapter of a not-for-profit that participates in a national defined benefit plan and prepares separate financial statements. It requires the chapter to account for the arrangement as a multiemployer plan when it is unclear how to allocate periodic pension cost and assets. The amendment makes clear that the proposed disclosures would be required in these situations. Although these disclosures make sense when the two parties are independent, it does not make sense in parent-subsidiary arrangements.

The ASU does not modify 715-30-55-64 which states that this accounting also applies in parent-subsidiary arrangements. A subsidiary participating in a plan sponsored by its parent accounts for that arrangement as a multiemployer plan. We agree this is appropriate accounting, but don't see the value in requiring the proposed disclosures. It does not make sense for a subsidiary to disclose the amount of a withdrawal liability to its parent, or to attribute some portion of the assets or liability to the subsidiary, since the inability to do so is why the subsidiary accounts for as a multiemployer plan. In the summary to the ASU, the Board includes language similar to that in current scope section of the ASC (715-80-15-3) that these amendments do not apply plans that do not meet the definition of a multiemployer plan as defined in the Master Glossary. From this we are inferring that the disclosure requirements in paragraphs 715-80-50-1 through 50-2 do not apply to separate subsidiary financial statements, although this is unclear. We recommend that the Board modify the ASU to clarify that employers to do need to provide the expanded disclosure requirements when preparing separate subsidiary financial statements.

Attached as an appendix are our specific responses to the questions you have asked. If the staff would like to discuss our comments, I can be reached at (212) 484-8112.

Sincerely,

Allan Cohen

Chair, Financial Reporting Committee Institute of Management Accountants

<u>Appendix</u>

Question 1: Do you agree that the proposed quantitative and qualitative disclosures will result in a more useful and transparent disclosure of an employer's obligations arising from its participation in a multiemployer plan? Why or why not? If not, what changes would you suggest to the proposed amendments?

We agree that several of the disclosures would be very helpful to users and should be required. We are concerned that each time a standard is issued, the disclosure requirements are considered discretely, and as a result many more disclosures are added, resulting in a cumulative disclosure overload. Below we have listed the proposed disclosures and indicated which ones we believe are more important. Even with these suggested reductions, there are a lot of disclosures being added. The Board should reconsider whether all the proposed disclosures are necessary. We would be amenable to more cuts.

Proposed Disclosure	Comments
a. The number of plans in which the employer participates.	We see limited value in this disclosure and it should not be required.
b. For individually material plans, the name of the plan(s).	We see limited value in this disclosure and it should not be required.
 c. Narrative descriptions of all of the following: 1. The employer's exposure to significant risks and uncertainties arising from its participation in the plan(s). That narrative description shall include the extent to which, under the terms and conditions of the plan(s), the employer can be liable to the plan(s) for other participating employer's obligations. 	We agree that this disclosure should be required.
2. How benefit levels for plan participants are determined.	We believe that most disclosures would be general in nature such as "in accordance with contract terms." We don't think that understanding an individual's level of benefits gives much insight into the total liability.
Whether the employer is or is not represented on the board of trustees of the plan(s) or a similar body.	We see limited value in this disclosure and it should not be required.
4. The consequences the employer may face if it ceases	This may require making a

contributing to the plan(s).	legal judgment to which the answer may not be clear. This disclosure should not be required.
5. Any funding improvement plan(s) or rehabilitation plan(s), including the expected effects on the employer. For plans in regulatory warning zones, the warning status and remedies being considered by the plan(s) should be described, if known.	We agree that this disclosure should be required.
 d. A description of the nature and effect of any changes affecting comparability from period to period, including both of the following: 1. A business combination or a divestiture. 2. The rate of employer contributions for each period for which a statement of income is presented. 	We agree that preparers should provide insight into the comparability of numbers provided. However we don't agree that a change in the rate of contributions will necessarily cause a lack of comparability.
e. Total assets and the accumulated benefit obligation of the plan(s), if obtainable, as of the most recent financial statement plan year-end and, for comparability, those amounts for the corresponding prior periods.	We agree that this disclosure should be required.
f. Employer's contributions as a percentage of total contribution to the plan(s), if obtainable, for the year ended as of the employer's latest statement of financial position date or most recent date available before the statement of financial position date and, for comparability, that percentage for the corresponding prior periods.	We agree that this disclosure should be required.
g. A description of the contractual arrangement(s), including all of the following:	We agree that this disclosure should be required.
 The term of the current arrangement(s). For each future year covered by a contract, the agreed-upon basis for determining contribution(s). Any minimum contribution(s) required by the agreement(s). 	
h. Percentage of the employer's employees covered by such plan(s).	We see limited value in this disclosure and it should not be required.
i. Quantitative information about the employer's participation in the plan(s), for example, the number of its employee participants as a percentage of total plan participants disaggregated between active and retired participants, if	We agree that this disclosure should be required.

obtainable, as of the most recent date available.	
j. Amount of contributions for the current reporting period.	We agree that this disclosure should be required.
k. Expected contributions for the next annual period.	This could be difficult to estimate because often based on number of employees or hours to be worked in the next year. This disclosure should not be required.
 Known trends in contributions, including the extent to which a surplus or deficit in the plan may affect future contributions. 	We agree that this disclosure should be required.
m. For plans for which an amount is required to be paid on withdrawal from the plan or windup of the plan:	This disclosure should be required only when it is probable that the employer will withdraw from the plan or that the windup of the plan is likely to occur. See our answer to question 2.
 Details of any agreed deficit or surplus allocation to participating employers on windup. 	
The amount that is required to be paid on withdrawal from the plan as of the most recent date available, if that information is obtainable.	
3. If the amount required to be paid on withdrawal is not obtainable, information about the employer's relative participation in those plans (such as percentage of total contributions to such plans or percentage of participants covered by such plan(s)).	

Question 2: Do you believe that disclosing the estimated amount of the withdrawal liability, even when withdrawal is not at least reasonably possible, will provide users of financial statements with decision-useful information? Why or why not?

As mentioned in the main body of our letter, since most employers would expect to continue participation in its current multiemployer plans, we don't think this is helpful information or should be required. As long as the employer disclosed the funded status of the plan and its level of participation, these disclosures should not be required. This amount should only be required when there was reason to believe that an employer would not continue to participate in the plan and that a withdrawal liability was probable. We don't believe employers should be required to provide both an ongoing and a liquidation estimate of the liability.

Question 3: What implementation costs, if any, will an employer face in applying the proposed disclosures? Are these costs significantly different when applying the proposed disclosure requirements to foreign plans?

Our understanding is that most of the information required is available or could be made available. As we stated in the main body of our letter, we are concerned about whether this information can be obtained timely. Most benefit plans prepare their financial statements several months after their fiscal year ends. Generally a multiemployer plan's financial statements for the recent plan year-end will not be available when an employer is issuing its financial statements. Although the proposed ASU includes the phrase "if obtainable" we are concerned whether preparers will need to obtain this information sooner. The ASU should be modified to require that information about assets and accumulated benefit obligation be from the most recently available year-end financial statements, not as of the most recent plan year-end.

If preparers are required to gather information before a plan's financial statements are completed, we believe there will additional costs as plans will charge employers for obtaining this information. This will be because the plans will need to hire their actuaries, accountants, and others sooner. The plans will lose the discounts they enjoy from hiring these professionals later in the year. Because of the large number of assumptions that go into determining accumulated benefit obligations, these amounts are an approximation. We don't see the value in incurring additional costs for a more recent approximation.

We think that the costs related to foreign plans depend on the particular country and plan and that we cannot generalize as to the costs.

Question 4: The Board plans to require that the amendments in the final Update be effective for public entities for fiscal years ending after December 15, 2010. Are there any significant operational issues that the Board should consider in determining the appropriate effective date for the final amendments?

The comment period ends only on November 1. We do not believe this provides adequate time for the Board to consider the comments received, complete the work necessary to issue an ASU, and still provide preparers with time enough to understand the requirements and gather the necessary information. This is especially true in this case because not only does this proposal affect employers but also benefit plans. We recommend that the disclosures be effective for fiscal years ended after December 15, 2011.

Question 5: The Board intends to defer the effective date for nonpublic entities, as defined in transition paragraph 715-80-65-1, for one year. Do you agree with the proposed deferral? If not, please explain why.

We have observed that the Board often proposes giving more time to nonpublic entities to comply with new requirements. The perception is that public entities have more resources or expertise so as to be able to comply with new rules sooner. As we have indicated in other letters to the Board, these factors are often offset by size, complexity, and number of individuals who need to be involved when complying with new requirements. We do not favor public entities having less time to prepare than nonpublic entities. Making these disclosures effective for fiscal years ended after December 15, 2011 should provide adequate time for all entities.

Question 6: In addition to the deferral for nonpublic entities, should any of the provisions in this proposed Update be different for nonpublic entities (private companies and not-for-profit organizations)? If so, which provision(s) and why?

We are supportive the concept of having the same requirements apply to private companies, not-for-profit organizations, and public entities. Making these disclosures effective for fiscal years ended after December 15, 2011 should provide adequate time for all entities.

Question 7: Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's (SEC) requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

We have not specifically reviewed the labels. But the fact that 87 data labels need to be added underscores our point that this proposal greatly increases the number of required disclosures. The Board should reconsider whether all the proposed disclosures are necessary.