Swank Associated Companies, Inc.

632 HUNT VALLEY ROAD NEW KENSINGTON, PA 15068 (724) 335-6000 FAX (724) 335-3834



Russell C. Swank III

President

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**Technical Director FASB** 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

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Re: Proposed Statement of Financial Accounting Standards for Multiemployer Employer Plan Disclosure

## Dear FASB Committee:

I would like you to consider excluding construction companies who comply with the construction exemption. The accounting firm could determine that the construction company meets the exemption standards. I would suggest some standardized language for the company's audited statement that says:

- The company meets the exemption requirements
- Management has been interviewed and has no intention of any behavior that would lift their exemption
- Therefore, the reporting requirement is waived

This would save a tremendous amount of expenses for companies who are exempt. It would explain to creditors that the company is exempt, but it could also inform them that there are some very remote actions that could cause the exemption to be lifted and that they should do their proper diligence on this non-accounting matter. At that point readers of the contractor's statement will be informed that no liability exists unless management of the business makes unplanned and unlikely changes.

I would like to make a second request. An option for the future are "hybrid" plans. Permanently overfunding defined benefit plans will quickly be realized as a disservice to participants and unacceptable.

Would FASB explain that a "hybrid" plan that meets the following criteria would be exempt?

- 1. The plan receives hourly benefit payments from employers.
- 2. The plan is managed similarly to current plans (i.e. very protective of the participants):
  - · Administrative office at the plan
  - Trustees made up of labor and management
  - Similar diverse investment guidance
  - No withdrawal of funds availability (unlike a 401(k))
  - Annual statements to each participant
  - Pension payments paid to retiree based on similar factors of age and length of service, but monthly payments based on the fund's growth during the time that the member participated, no more, no less. That participant's funds can be treated as an annuity by the fund or actually invested into an insured annuity. Therefore no unfunded liability.
- 3. FASB should review existing hybrids to better summarize.

In any event this is an option that funds will review ASAP as defined benefit plans are no longer acceptable (either for a union who wants to organize new companies or for existing company's who are concerned about solving the problem).

I believe FASB would do a service to American industry by acknowledging that hybrid plans, which have some similarities to existing defined benefit plans, would not have withdrawal liability if the differentiating factor is that a participant gets an annuity payment based on their contributions and the investment results during that time.

Thank you for your consideration of my two points.

Russ Swank Ili