



KPMG LLP
757 Third Avenue
New York, NY 10017

Telephone 212 909 5600
Fax 212 909 5699
Internet www.us.kpmg.com

1860-100
Comment Letter No. 225

November 1, 2010

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

Re: File Reference No. 1860-100 – Proposed Accounting Standards Update on Disclosure about an Employer’s Participation in a Multiemployer Plan

Technical Director:

We appreciate the opportunity to comment on the proposed Accounting Standards Update on “Disclosure about an Employer’s Participation in a Multiemployer Plan” (the Exposure Draft). Our comments on the Exposure Draft address the proposed effective date, how disclosure objectives might be achieved, availability of information, disaggregation of information, other observations regarding the Exposure Draft, and XBRL considerations.

Proposed Effective Date

We believe that the proposed effective date for fiscal periods ending after December 15, 2010 for public entities is not operational. Given that substantive redeliberations cannot begin any sooner than early- to mid-November, we believe that many entities would have difficulty developing the processes and controls to obtain and accumulate reliable and relevant information needed to comply with the required disclosures in the short period of time between the issuance of a final Accounting Standards Update and the date when their annual reports are required to be issued.

Achievement of Disclosure Objectives

We agree with the objective of the proposed disclosure requirements to provide greater transparency about an employer’s participation in multiemployer plans, including the potential effects of the plan’s funded status on an employer. We believe this objective could be achieved by requiring disclosure of information about the total funded status of the plan and a measure of the employer’s relative participation in the plan using information such as the percentage of employer contributions to total contributions to the plan or the number of employee participants as a percentage of total plan participants. In addition, due to the fact



Technical Director
Financial Accounting Standards Board
November 1, 2010
Page 2

that a withdrawal obligation may be a negotiated amount between the employer and the plan in the event of an actual withdrawal from a plan, a narrative description of the significant risks and uncertainties arising from participation in the plan could provide adequate information about potential withdrawal obligations when it is not likely that the employer will withdraw from the plan.

Availability of Information

We encourage the Board to further consider the availability of the information that would be required to be obtained to comply with the proposed disclosures in assessing the costs and benefits of the disclosures and transition provisions. Although pension plans subject to the Pension Protection Act of 2006 (PPA) may be required to provide certain of the proposed information to participating employers, the implementation of the final standard could significantly increase the volume of requests for information from the plans as well as the number of requested 'as of' dates, which could impose a significant cost on the plan (or alternatively, on the employers if the plan charges the employer for the information). If plans are required to provide the information to all participating employers, they would need time to establish processes and procedures to provide reliable information to employers, and employers may need to develop and implement additional internal control processes over the new information.

We understand that some of the information may not be readily available to the plan. Many multiemployer plans are designed to provide retirement benefits to participants who work for a number of companies within the industry. In industries such as construction, transportation and shipping, mining and extractive, and retail, it is not uncommon that a worker might work for short periods of time for a number of different employers that are participants in the plan. As a consequence, for example, it may be extremely difficult for the plan to determine the percentage of a particular employer's participants as a percent of total plan participants.

Certain plans, such as health and welfare plans, may not be subject to the PPA and some of the information that would be required by the proposed disclosures may not be available. Additionally, we understand that other postretirement plans (nonpension plans) generally are not subject to DOL requirements and therefore the information for some of these plans may not be subject to audit procedures. If the information can be obtained, employers will need to establish processes and controls to ensure the accuracy of information for both pension and other postretirement plans, further increasing the costs to comply with the standard.



Technical Director
Financial Accounting Standards Board
November 1, 2010
Page 3

Disaggregation of Information

The Exposure Draft would require separate disclosure for pension and other retirement plans; within those plan types separate disclosure for plans for which the fair value of the assets is more than the liabilities and plans for which the fair value of the assets is less than the liabilities; separate narrative information for plans or groups of plans with significantly different risk characteristics or contractual commitments; and separate quantitative information for individually material plans. In addition, quantitative information (even for one plan) may have varying ‘as of’ dates. The proposed illustration is useful for preparers to understand the disclosure requirements for one plan. However, many employers that participate in multiemployer plans often participate in a large number of plans. We believe that the extensive list of proposed detailed disclosures, the proposed levels of disaggregation, and the possibility of several different ‘as of’ dates may result in an excessive amount of detail. The final standard should allow for appropriate levels of aggregation to provide meaningful information.

Other Observations

Dates of required disclosures

ASC 750-80-50-1B(e) proposes that information “as of the most recent financial statement plan year-end”; (f) proposes information “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 (i) and (m)(2) propose information “as of the most recent date available”. However, using the “most recent date available” will often result in disclosure of stale information because the plan financial statements are not required to be filed with DOL until significantly after the plan’s year-end. Therefore, even for a calendar year-end employer and a calendar year-end plan, the most recent information available from the plan for inclusion in the employer’s 2010 financial statements often will be the plan’s information as of December 31, 2009. To the extent that the employer and the plan have different year-ends, the information included in the employer’s financial statements is likely to be even more dated. Due to the mix of “as of” dates and the length of time between the “as of” dates and the date of the financial statements, we believe that the disclosures discussed above in *Achievement of Disclosure Objectives* may be sufficient.

In addition, ASC 750-80-50-1B(e) proposes disclosure of “total assets and the accumulated benefit obligation of the plan(s), if obtainable, as of the most recent financial statement plan year-end.” This information is generally included in the actuarial report required to be provided to the employer under the PPA. However, we understand that the plan is not required to provide the information until the actuarial report has been in the plan’s possession



Technical Director
Financial Accounting Standards Board
November 1, 2010
Page 4

for at least 30 days. Again, with the lag in the preparation of the plan financial statement information, the information for the most recent financial statement plan year-end will not be available to employers in many situations. Since this information may not be obtainable as of the most recent financial statement plan year-end, it is unclear whether the employer should disclose stale information, when obtainable, or simply state that information is not obtainable and the reason why it is not obtainable.

The disclosure proposed by ASC 715-80-50-1B(h) regarding the “percentage of employer’s employees covered by such plan(s)” does not specify a date at which this information should be determined (i.e. whether the date should coincide with the other information disclosed at the “most recent date available” or whether the date should coincide with the date of the financial statements).

Finally, the proposal does not include a requirement to disclose the “as of” date for information disclosed. Without disclosure of the “as of” date, information could be confusing.

Percentage of employees covered

ASC 715-80-50-1B(h) would require the “percentage of the employer’s employees covered by such plan(s)” and (i) requires “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”. As noted earlier, we believe for certain industries with a mobile workforce, such as construction, transportation, extractive, or retail, it is unclear how an employer or the plan should determine that a plan participant is an “employee” of a particular employer (e.g., would all employees who have provided at least some service to an employer be deemed to be employees resulting in the aggregate measure for all employees exceeding 100% or should some FTE or other equivalent measure be used). We recommend that the Board clarify how this information should be computed, especially for industries with transient workforces that participate in multiemployer plans. For example the percentage of contributions to the plan or percentage of all reported hours worked could be used as proxies for the employer’s relative participation in the plan. In addition, (i) states the information is required “if obtainable”. However, (h) does not contain a similar exemption.

Withdrawal liability

Under the PPA, plans have 180 days or more (depending on the method used) to provide the amount that is required to be paid on withdrawal from the plan. Since many employers issue financial statements sooner than 180 days after their fiscal year end, information regarding the potential withdrawal liability will most likely be stale information.



Technical Director
Financial Accounting Standards Board
November 1, 2010
Page 5

We understand that many of the plans currently receive requests for information about the withdrawal obligation only when employers are considering withdrawal and therefore the plans currently receive very few requests. The increase in requests may add significant burden to the plans. It is our understanding that if an employer intends to withdraw from the plan, the withdrawal liability amount initially provided by the plan is then subject to lengthy negotiations between the employer and the plan and often is settled for significantly less than amount originally provided by the plan. As a consequence, we question whether the disclosure of what is likely to be dated information will be useful to the readers of the employers' financial statements. For this reason, among others, we believe that the disclosure for the withdrawal liability should be limited to a narrative description of the significant risks and uncertainties arising from participation in the plan, as discussed above in *Achievement of Disclosure Objectives*, when it is not likely that the employer will withdraw from the plan.

Applicability to certain situations

The proposed ASU would amend ASC 715-30-55-63 for not-for-profit (NFP) chapters that are required to contribute to the NFP plan and states that the chapter should follow the proposed disclosures of ASC 715-80-50-1 through 50-2 (by a cross reference). The next paragraph, ASC 715-30-55-64, discusses similar parent-subsidiary arrangements if the subsidiaries issue separate financial statements and states that, "in a similar arrangement, each subsidiary should account for its participation in the overall single-employer pension plan as a participation in a multiemployer pension plan." Since this paragraph does not contain a similar cross-reference, it is not clear whether the proposed disclosures would be required in separate financial statements of subsidiaries that are applying multiemployer plan accounting if the parent entity is the sponsor. In those situations, the plan does not meet the definition of a multiemployer plan. However, it is unclear whether the proposed disclosures would apply only to employers participating in multiemployer plans or whether they would apply to employers that are using multiemployer plan accounting. Also, not all of the concepts in the proposed disclosures translate in a meaningful way to separate financial statements of a subsidiary. For example, there generally is not a concept of a subsidiary withdrawing from its parent's defined benefit plan and incurring a withdrawal liability.

XBRL

We reviewed the proposed XBRL elements to determine whether the elements were consistent with the Exposure Draft as currently written. Please refer to Appendix A for our comments on the XBRL elements.

* * * * *



Technical Director
Financial Accounting Standards Board
November 1, 2010
Page 6

If you have any questions about our comments or wish to discuss any of the matters addressed in our comments, please contact Mark Bielstein at 212-909-5419 or Paul Munter at 212-909-5567.

Sincerely,

KPMG LLP



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|------------------------------------|--|--|--|
| ScheduleOf MultiemployerPlansTable | Schedule detailing the quantitative and qualitative information concerning the multiemployer pension and postretirement plans that the employer is a part of by plan or groups of plans. Aggregation of plans or groups of plans is based on the terms, conditions, and characteristics of the plans. Includes separate disclosure for multiemployer plans that are adequately funded and multiemployer plans for which the fair value of the assets at the reporting date is less than the level required by law. | The proposed definition does not match the language in 715-80-50-1 and 715-80-50-1A. | Schedule detailing the quantitative and qualitative information concerning the multiemployer pension and postretirement plans that the employer is a part of by plan or groups of plans. <u>Plans or groups of plans are disaggregated for plans or groups of plans with significantly different risk characteristics or contractual commitments.</u> Aggregation of plans or groups of plans is based on the terms, conditions, and characteristics of the plans. Includes separate disclosure for multiemployer plans <u>for which the fair value of the assets at the reporting date is more than the liabilities and multiemployer plans for which the fair value of the assets at the reporting date is less than the liabilities that are adequately funded and multiemployer plans for</u> |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|---------------------------|--|--|--|
| | | | which the fair value of the assets at the reporting date is less than the level required by law. |
| MultiemployerPlansDo main | Represents a multiemployer retirement plan or group of plans. Aggregation of plans or groups of plans is based on the terms, conditions, and characteristics of the plans. | The proposed definition does not match the language in 715-80-50-1A. | Represents a multiemployer retirement plan or group of plans. <u>Plans or groups of plans are disaggregated for plans or groups of plans with significantly different risk characteristics or contractual commitments.</u> Aggregation of plans or groups of plans is based on the terms, conditions, and characteristics of the plans. |
| GroupOfPlansMember | Plans aggregated on the basis of similar terms, conditions, and characteristics. | The proposed definition does not match the language in 715-80-50-1A. | Plans aggregated on the basis of similar terms, conditions, and <u>risk characteristics or contractual commitments.</u> |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|---|--|---|---|
| Multiemployer Plans Adequately Funded and Less Than Level Required by Law | Quantitative and qualitative information for multiemployer plans by plan or group of plans that are adequately funded and plans for which the fair value of the assets at the reporting date is less than the level required by law. | The proposed definition does not match the language in 715-80-50-1. In addition, the Standard Label should be updated to reflect change in definition or provide alternative caption language in the definition in order to improve the user's ability to search for this element in the taxonomy. | Quantitative and qualitative information for multiemployer plans by plan or group of plans <u>for which the fair value of the assets at the reporting date is more than the liabilities that are adequately funded and plans for which the fair value of the assets at the reporting date is less than the level required by law.</u> |
| Multiemployer Plans Adequately Funded Member | Multiemployer plans that are adequately funded. | The proposed definition does not match the language in 715-80-50-1. In addition, the Standard Label should be updated to reflect change in definition or provide alternative caption language in the definition in order to improve the user's ability to search for this element in the taxonomy. | Multiemployer plans <u>for which the fair value of the assets at the reporting date is more than the liabilities that are adequately funded.</u> |
| Multiemployer Plans Fair Value Less Than Level Required by Law Member | Multiemployer plans for which the fair value of assets at the reporting date is less than the level required by law. | The proposed definition does not match the language in 715-80-50-1. In addition, the Standard Label should be updated to reflect change in | Multiemployer plans for which the fair value of assets at the reporting date is less than the <u>level required by law liabilities.</u> |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|--|---|---|--|
| | | definition or provide alternative caption language in the definition in order to improve the user's ability to search for this element in the taxonomy. | |
| MultiemployerPlansNumberOfPlans | The number of separate multiemployer plans aggregated together for disclosures purposes. | The proposed definition does not match the language in 715-80-50-1B(a). | The number of separate multiemployer plans <u>-in which the employer participates aggregated together for disclosures purposes.</u> |
| MultiemployerPlansPercentageOfTotalContribution | Percentage of employer's contribution to total contribution to the plan(s), if obtainable, as of the most recent date available. | The proposed definition does not match the language in 715-80-50-1B(f). | Percentage of employer's contribution to total contribution to the plan(s), <u>-if obtainable, for the year ended as of the employer's latest statement of financial position or</u> as of the most recent date available <u>before the statement of financial position date.</u> |
| MultiemployerPlansPercentageOfTotalContributionLowEndOfRange | For plans that have been aggregated together, the smallest percentage related to employer's contributions as a percentage of total contribution to a plan, if obtainable, as of the most recent date available. | The proposed definition does not match the language in 715-80-50-1B(f). | For plans that have been aggregated together, the smallest percentage related to employer's contributions as a percentage of total contribution to a plan, <u>-if obtainable, for the year ended as of the employer's latest statement of financial</u> |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|--|---|--|---|
| | | | <p>position or as of the most recent date available before the statement of financial position date.</p> |
| <p>MultiemployerPlansPercentageOfTotalContributionHighEndOfRange</p> | <p>For plans that have been aggregated together, the largest percentage related to employer's contributions as a percentage of total contribution to a plan, if obtainable, as of the most recent date available.</p> | <p>The proposed definition does not match the language in 715-80-50-1B(f).</p> | <p>For plans that have been aggregated together, the largest percentage related to employer's contributions as a percentage of total contribution to a plan, if obtainable, for the year ended as of the employer's latest statement of financial position or as of the most recent date available before the statement of financial position date.</p> |
| <p>Proposed element label: MultiemployerPlansAmountToBePaidOnWithdrawal</p> | | <p>Missing element for 715-80-50-1B(m)(2): amount that is required to be paid on withdrawal from the plan.</p> | <p>Proposed definition: Disclosure of the amount that is required to be paid on withdrawal from a multiemployer plan.</p> |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|--|---|--|---|
| MultiemployerPlansWithdrawalObligationLowEndOfRange | For plans that have been aggregated together, the smallest amount of a recognized obligation to a multiemployer plan in the event that the employer withdraws from the plan. | The proposed definition does not match the language in 715-80-50-1B(m)(2). | For plans that have been aggregated together, the smallest amount <u>that is required to be paid on withdrawal from</u> of a recognized obligation to a multiemployer plan in the event that the employer withdraws from the plan. |
| MultiemployerPlansWithdrawalObligationHighEndOfRange | For plans that have been aggregated together, the largest amount of a recognized obligation to a multiemployer plan in the event that the employer withdraws from the plan. | The proposed definition does not match the language in 715-80-50-1B(m)(2). | For plans that have been aggregated together, the largest amount <u>that is required to be paid on withdrawal from</u> of a recognized obligation to a multiemployer plan in the event that the employer withdraws from the plan. |
| MultiemployerPlanWithdrawalPercentageOfContributions | Percentage of employer's contribution to total contribution to the plan(s) for plan(s) for which it is reasonably possible or probable that the employer will withdraw from the plan(s) and for which the amount to be paid on withdrawal is applicable, but not available. | The proposed definition does not match the language in 715-80-50-1B(m)(3). | Percentage of employer's contribution to total contribution to the plan(s) for plan(s) <u>for which it is reasonably possible or probable that the employer will withdraw from the plan(s) and</u> for which the amount to be paid on withdrawal is applicable, but not available. |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|---|---|--|--|
| MultiemployerPlansWithdrawalPercentageOfContributionsLowEndOfRange | For plans that have been aggregated together, the smallest percentage of employer's contribution to total contribution to a plan for a plan where it is reasonably possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. | The proposed definition does not match the language in 715-80-50-1B(m)(3). | For plans that have been aggregated together, the smallest percentage of employer's contribution to total contribution to a plan for a plan where it is reasonably possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. |
| MultiemployerPlansWithdrawalPercentageOfContributionsHighEndOfRange | For plans that have been aggregated together, the largest percentage of employer's contribution to total contribution to a plan for a plan where it is reasonably possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. | The proposed definition does not match the language in 715-80-50-1B(m)(3). | For plans that have been aggregated together, the largest percentage of employer's contribution to total contribution to a plan for a plan where it is reasonably possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. |



Technical Director
 Financial Accounting Standards Board
 November 1, 2010
 Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|--|---|--|--|
| MultiemployerPlanWithdrawalPercentageOfParticipants | Percentage of employer's participants to the total participants to the plan(s) for the plan(s) for which it is reasonable possible or probable that the employer will withdraw from the plan(s) and for which the amount to be paid on withdrawal is applicable, but not available. | The proposed definition does not match the language in 715-80-50-1B(m)(3). | Percentage of employer's participants to the total participants to the plan(s) for the plan(s) for which it is reasonable possible or probable that the employer will withdraw from the plan(s) and for which the amount to be paid on withdrawal is applicable, but not available. |
| MultiemployerPlansWithdrawalPercentageOfParticipantsLowEndOfRange | For plans that have been aggregated together, the smallest percentage of employer's participants to the total participants to a plan for a plan where it is reasonable possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. | The proposed definition does not match the language in 715-80-50-1B(m)(3). | For plans that have been aggregated together, the smallest percentage of employer's participants to the total participants to a plan for a plan where it is reasonable possible or probable that the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. |
| MultiemployerPlansWithdrawalPercentageOfParticipantsHighEndOfRange | For plans that have been aggregated together, the largest percentage of employer's participants to the total participants to a plan for a plan where it is reasonable possible or probable that | The proposed definition does not match the language in 715-80-50-1B(m)(3). | For plans that have been aggregated together, the largest percentage of employer's participants to the total participants to a plan for a plan where it is reasonable possible or probable that the |



Technical Director
Financial Accounting Standards Board
November 1, 2010
Appendix A

| <u>Element Label</u> | <u>Definition</u> | <u>Comment</u> | <u>Suggested change</u> |
|----------------------|--|----------------|---|
| | the employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. | | employer will withdraw from the plan and where the amount to be paid on withdrawal is applicable, but not available. |