



October 26, 2010

Technical Director
File Reference No. 1860-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1860-100

Dear Sir or Madam:

On behalf of the National Electrical Contractors Association (NECA), I appreciate the opportunity to submit these comments on the Exposure Draft on Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80).

NECA understands and supports the Financial Accounting Standards Board's (FASB) mission of providing end users (banks and bonding institutions) with additional information to make better informed decisions about the companies they are considering granting loans, extending lines of credit, and providing bonding requirements; however, NECA believes that the additional disclosures, especially those related to withdrawal liability, are misleading and will place huge administrative burdens on those employers participating in multiemployer defined benefit plans. These new disclosures will have detrimental impacts on an employer's ability to secure a line of credit, obtain a construction loan, or meet a bonding requirement. Therefore, NECA recommends that FASB reconsider and withdraw its 715-80 proposal.

Withdrawal liability occurs when an employer makes a business decision to cease contributing into a multiemployer defined benefit plan, which is underfunded, yet the employer continues to perform work in the jurisdiction where contributions were previously required. Such a scenario describes when a union, or signatory contractor becomes a non-union or open-shop contractor.

Withdrawal liability is misleading for several reasons. Even if a company ceases contributing to a plan and goes non-union within five years, rarely will such a company pay the full withdrawal liability assessment. For example, construction-specific statutes have implemented a 20-year cap on payments. A company can cease payments at the end of the 20-year period even if the entire assessment is not paid off. Additionally, pension trustees will often negotiate a lower sum in order to obtain a higher up-front settlement from a departing employer.

Withdrawal liability valuations reflect a snapshot portrait and fail to take into consideration such factors as fluctuating long term stock market growth, benefit accrual adjustments, or other

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elements of the collective bargaining process. The financial markets have been volatile; in the past two years, the S&P index returned -37% in 2008 and +26% in 2009.

NECA is concerned with disclosing information which is likely to be at least a year out of date.

Withdrawal liability assessments will be an administrative burden on employers and actuaries. Even though the Worker, Retiree and Employer Recovery Act (WRERA) allows for each participant to receive a withdrawal liability valuation, such a valuation will not come without a cost. Based on previous Department of Labor rulings charging that the plans not bear the burden of such costs, employers will be expected to cover the costs for actuarial withdrawal liability calculations. NECA contractors participating in the National Electrical Benefit Fund (NEBF) can expect to incur a \$1200 charge per withdrawal liability valuation, and this would appear to be on the low end when estimates for other valuations range from several thousands of dollars to those exceeding ten-thousand dollars. For those participating in several or many defined benefit plans, this calculation alone will become a considerable expense. Currently, over 10,000 NECA employers participate in NEBF's plans.

The sheer volume of paperwork will place an unreasonable burden on employers. Plans will be overly burdened with actuarial firms unlikely to have the resources necessary to meet the demand of performing such calculations for plan participants.

Through its affiliation with the Campaign for Quality Construction (CQC), an employer-based coalition of management-based construction trade association representing nearly 30,000 employers, NECA would like to re-emphasize its previous comments on the Exposure Draft on Disclosure of Certain Loss Contingencies which defines under what conditions an employer would need to disclose information relative to potential withdrawal liability assessments on financial statements. NECA recognizes that the comment period expired back in September on this rule, but, as both rules are inextricably linked, and that NECA is concerned that FASB is potentially ignoring existing congressional ERISA statute, it wishes to express **that only if an employer has incurred or will likely incur withdrawal liability should it be required to report such an assessment on its financial statements.** Congress has passed laws to set out special construction-specific rules with respect to withdrawal liability; it would be inappropriate for FASB to attempt to write rules that potentially conflict with established law and to require disclosure of the potential assessment when such a withdrawal sometime in the future is only a remote possibility.

Even though there is some disagreement among accounting and actuarial professionals as to when such withdrawal liability assessments will need to be disclosed, NECA believes an employer should only disclose such an assessment if it is "reasonably possible or probable" that is, more than a "remote possibility," that such a withdrawal will occur. Absent the Exposure Draft making it perfectly clear under what circumstances an employer will need to report withdrawal liability, NECA takes the conservative perspective and must protect its members from a requirement that all of its employer members participating in multiemployer plans will need to report potential withdrawal liability.

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As many of its member companies are participants in multiemployer defined benefit plans, NECA has supported congressionally-led efforts to provide relief for those employers participating in endangered or critical 'zone' pension plans. Whether Congress has adjusted amortization schedules or provided for 'smoothing' for those losses suffered during stock market declines, it is clear that Congress wishes to strengthen employer-sponsored plans and does not want to see these plans fail. For more than 60 years the nation's multiemployer defined benefit pension plans have provided a secure retirement to America's working families. Approximately one-fourth of all active employees with traditional pension coverage participate in multiemployer plans, which are prevalent in the building and construction trades characterized by a mobile workforce.

One of the unintended and negative consequences of FASB's proposal is that employers will likely turn away from participating in multiemployer defined benefit pension plans if the additional disclosures proposed by FASB could result in the banking industry avoiding loans and lines of credit to financially sound companies desperately in need of capital. In fact, one could argue that while employers are addressing funding shortfalls in defined benefit plans through Congressionally-mandated and flexible amortization and funding schedules, a major unintended consequence of FASB's rule is the likelihood that the rule itself could further depress the banking system and restrict the flow of funds from the banking system. At such a time when the economy is attempting to recover from an economic depression, with a full construction recovery nowhere near in sight, this represents an unnecessary restriction on the use of capital for the contractor as well as an investment opportunity lost for the banking and investment industry. Ironically, FASB's proposed rule to provide misleading withdrawal liability information is the root of the problem. The banking system is the 'lifeline' to the construction industry; without access to capital and the inability to meet bonding requirements, many NECA contractors are unlikely to survive.

NECA supports FASB's goals of providing greater transparency and increased information to end users who will extend loans and lines of credit, but NECA has serious reservation when reporting data that is uncertain and speculative in nature. As stated above, NECA is primarily concerned with disclosing inaccurate and misleading withdrawal liability calculations, but, in addition, some of the requested disclosures involve information being sought by FASB that involve future cash flows or trends in contributions. NECA does not object to providing information relative to funding improvement or rehabilitation plans when such plans have been adopted by trustees; however, it would be inappropriate to provide information on strategies and plans under consideration as such information is proprietary and not publicly disclosed.

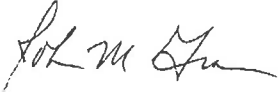
FASB's new disclosure requirements come with additional burdens and increased administrative compliance costs as well as mandates to provide misleading withdrawal liability information about the employer. Costs, in terms of new burdens and potential lost credit opportunities far exceed the benefits of this rule in terms of increased transparency for end users in making financially-sound investment decisions. NECA requests that FASB consider the detrimental impact this rule would have on the construction industry; specifically, those participating in multiemployer defined benefit plans. NECA believes the costs far outweigh the benefits; NECA requests that FASB reconsider and withdraw its proposed rule.

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Thank you, in advance for consideration of these comments.

NECA is the nationally-recognized voice of the \$130 billion electrical construction industry that brings power, light, and communication technology to buildings and communities across the U.S. NECA's national office and its 119 local chapters are dedicated to enhancing the industry through continuing education, labor relations, safety codes, standards development, and government relations.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Grau". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John M. Grau
Chief Executive Officer
National Electrical Contractors Association