

**From:** [Glenn Kingsbury](#)  
**To:** [Director - FASB](#)  
**Subject:** RE: File Reference No. 1860-100  
**Date:** Friday, October 29, 2010 2:36:29 PM  
**Attachments:** [FASB Comments fr Boston NECA.pdf](#)

---

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

RE: File Reference No. 1860-100

Dear Sir or Madam:

On behalf of the Greater Boston Chapter of the National Electrical Contractors Association, I would like to submit this letter responding to the Board's invitation for comments about the Exposure Draft concerning "disclosure about an employer's participation in a multiemployer plan." [Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80).] This invitation was issued on September 1, 2010 with a due date for comments of November 1, 2010.

The Chapter recognizes the need for transparency in accounting. However transparency must result in accurate and usable information and the burden of disclosure must be commensurate with the value of the result. Unfortunately, the proposed rules in their current form do not achieve these objectives.

The proposed rules would require the disclosure of more than eighty-one new items, both qualitative and quantitative, as a way to provide financial analysts, banks and credit agencies with information. The way many of these disclosures are structured, however, will not result in good data, and may in fact result in misleading and inaccurate information. This will undermine the very goals the Board suggests will result from these disclosures and their presumed transparency.

For example, the proposed rule would require the disclosure of withdrawal liability. Such data, however, is usually produced a year or more after the fact. This results in data that is stale at best or at worst misleading or even inaccurate. Furthermore, two facts compound this problem. First, the construction industry is unique because it has a highly mobile and transient workforce which greatly complicates the development of the data to begin with. Second, the volatility of the financial markets, which has been evident recently and historically, further complicates and undermines the credibility of the data being presented. These three factors together demonstrate the misleading and inaccurate nature of the information that would result from the adoption of the rule.

It goes without saying that such data, if required, should only be produced when there is a reasonable possibility of withdrawal and not simply a remote possibility. Unfortunately under the proposal, reporting withdrawal liability is required even though such withdrawal is highly unlikely. The fact of the matter is that withdrawal from a multiemployer plan would trigger a substantial liability assessment for a firm. Therefore, firms simply do not withdraw from such plans and hence there is simply no need for disclosure based on a remote possibility.

One final note regarding disclosure in the area of multiemployer retirement and post-retirement benefits. Disclosure involving future funding and rehabilitation planning is inappropriate because it would make confidential information integral to the labor/management collective bargaining process available to the public. Collective bargaining has been and continues to be an essential component in labor relations in the United States. It is highly regulated and protected by federal law. The Board should not attempt to interfere with this historic national policy that has served so well over the years.

The Chapter would add in the overall context of the proposed rule changes that the Board is not recognizing the unique and essential approach Congress took in the federal Employee Retirement Income Security Act (ERISA) for the construction industry. With its focus on strengthening private sector pension plans, Congress purposefully adopted special rules for the industry in regard to withdrawal liability. The Board should not attempt to frustrate this Congressional policy by creating costly, unworkable, potentially misleading, and unnecessary reporting obligations.

The proposed changes also place substantial cost burdens on employers in the construction industry. Annually producing the massive data/information required under the proposed rules will be very costly and time consuming. This doesn't even include the administrative burden on actuaries that even the smallest firms in the industry must retain to do the calculations. Indeed some actuaries may not even have the resources to satisfy the burden the Board is putting for their clients in the construction industry. Such costs and burdens must be part of the Board's cost/benefit calculations in rationalizing these changes to the rules. These costs are particularly impactful because the vast majority of contracting firms are very small employers. The Chapter would argue that given the problems with the proposed changes described above, the costs to employers cannot be justified by the results. In fact, the pressures of the new rules added to the state of the economy could very well discourage construction employers from entering into pension plans at all. This would be a very unfortunate and counterproductive result of the Board's actions.

While the Board's approach and rationale for the proposed rule changes appear straightforward, as demonstrated above this is in fact not the case. The members of the Greater Boston Chapter of the National Electrical Contractors Association are very concerned that in the final analysis, the Board's direction with the new rules would create significant and harmful problems for contractors – large and small – in conducting their business and building America.

The Board should rethink the proposed rule changes for the construction industry and revise them because of the industry's unique employment and labor relations structure, how its pension plans are specifically regulated under ERISA, its make-up of smaller employers, and the burdens placed on firms in the industry to comply with these complex and overly demanding rules.

Respectfully submitted,

Glenn W. Kingsbury, Executive Manager  
Boston Chapter, National Electrical Contractors Association

The Electrical Contractors Association of Greater Boston, Inc. represents nearly 200 electrical and telecommunications contractors in Massachusetts, Maine and New Hampshire employing over 5,000 electricians and technicians.

The Association has operated for nearly 100 years, was incorporated in Massachusetts in 1933 and was chartered as the Boston Chapter of the National Electrical Contractors Association in 1944.

Glenn W. Kingsbury, Executive Manager  
Boston Chapter NECA  
106 River Street  
West Newton, MA 02465  
617-969-2521  
[gkingsbury@bostonneca.org](mailto:gkingsbury@bostonneca.org)