1860-100
Comment Letter No. 184

**Electrical Workers Administration and Claims Office**
General Welfare, Vacation, Pension & Retirement Savings Funds

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Technical Director, FASB
File Reference No. 1860-100
FASB
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PO Box 5116
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Re: File Reference No. 1860-100
Exposure Draft on Compensation - Retirement Benefits - Multiemployer Plans
(Subtopic 715-80) ("the Exposure Draft")

Dear Sir or Madam:

We would like to provide comments regarding the Exposure Draft on Compensation - Retirement Benefits - Multiemployer Plans (Subtopic 715-80) ("the Exposure Draft") issued on September 1, 2010. Our comments will focus on the impact that the draft will have on employers that participate in the I.B.E.W. Local 701 Electrical Workers General Pension Fund (Pension Plan) and on the Pension Plan itself.

**Unreasonable Burden on Employers**

The new Exposure Draft will greatly increase the amount of information that the employers participating in the Pension Plan will have to disclose in their financial statements, particularly for those employers that participate in other multiemployer plans. The employers expect that there will be significant additional costs associated with gathering all of the new information required to be disclosed in the Exposure Draft.

**Unreasonable Burden on the Pension Plan**

The new Exposure Draft will also place a large burden on the Pension Plan itself, as it will be required to perform the withdrawal liability calculations for each and every employer on an annual basis. In the current difficult economic times when all pension plans are trying to recover from the market losses of late 2008 and early 2009, plus the decline in hours, it is unreasonable to expect the Pension Plan to absorb the additional costs associated with performing all the withdrawal liability calculations including hiring new employees, additional programming costs and expenses paid the Pension Plan's actuaries and legal counsel. In addition, Fund Office personnel will probably be asked by the employers to help with the other required disclosure items as most employers are not familiar with pension issues.

**Industry Specific Rules**

The new Exposure Draft does not address specific industry rules, however, the withdrawal liability rules governing construction plans are considerably different from the rules governing other types of multiemployer plans. For example, since our Pension Plan is a construction industry plan, an employer that participates in our Pension Plan would only incur withdrawal liability if it were to cease participation and replace its unionized workforce with a non-union workforce. In addition to industry specific rules, there are other factors that typically lead to reduced withdrawal payments such as the de minimis rules or the 20-year cap on withdrawal liability payments. In short, all of these rules combined result in an employer rarely paying the full amount of their share of withdrawal liability. Therefore, if an employer must disclose its full share of withdrawal liability from our Pension Plan, when it would rarely have to pay that amount, it overstates its obligation.

**Speculative Nature of Several Disclosure items**

The new Exposure Draft requires employers to not only disclose readily available information such as funding improvement plans or rehabilitation plans that have been adopted, and future contribution rates that have been negotiated in collective bargaining agreements, but to also disclose how an employer could be affected by programs under consideration but not adopted. Any program that had not been adopted, or contribution rate not negotiated, is purely speculation and would hardly be a reliable basis for financial reporting.

**Outdated Information**

Our Pension Plan, like all pension plans, undertakes a valuation of our assets and liabilities on an annual basis. Because these valuations are complicated and time consuming, the results of the calculations are typically not available until six to nine months after the measurement date. For example, since our valuation date is June 1st, the results are typically not available until sometime between December of that year and February of the next year. For companies that report their finances on a calendar year basis, they typically complete their financial information during the first quarter of the following year. If they have to disclose withdrawal liability information, the most current available information is almost certain to be over a year out-of-date. For example, in preparing financial statements as of December 31, 2009, the most recently available withdrawal liability information is likely to be as of May 31, 2008 or possibility May 31, 2009. If the reporting companies' fiscal year is not calendar, the reported data could be even more out-of-date.

If compliance with the new Exposure Draft requires all companies that participate in our Pension Plan to disclose their estimated potential withdrawal liability assessments annually, along with the many other requirements outlined in the Exposure Draft, we believe this to be unreasonable and suggest that FASB revise the proposed standard to require less burdensome disclosure.

Thank you for the opportunity to provide comments on this important issue. We will be pleased to provide any additional information that you might find useful.

Sincerely,

Board of Trustees
IBEW Local 701 Pension Fund

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