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To: [Director - FASB](#)
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I am offering the following comments in response to the Proposed Accounting Standards Update regarding Multiemployer Plan Disclosures:

Disclosing the estimated amount of withdrawal liability will not result in more useful and transparent disclosures. By its nature, a withdrawal liability calculation is a moving target. Therefore, the results determined as of a particular disclosure date may be significantly different and out of date by the time the users of the financial statement review the information. In addition, confusion is likely to occur among users regarding the nature of the disclosed withdrawal liability. Few users will understand how withdrawal liability is calculated. The amount of withdrawal liability does not have a direct relationship to the employers contribution requirement for the year. Different methods may be used to determine withdrawal liability. Finally, any estimated withdrawal liability is just that – an estimate. The disclosed estimated of withdrawal liability does not take into account the probability that any disclosed liability will ever become applicable as a real obligation of the employer. So it may not be clear to statement users that such an estimate is not a real obligation of the employer until a withdrawal actually occurs.

Withdrawal liability calculations cannot be simplified in any meaningful way. There are too many variables related to employer demographics, contribution and work history, hours worked and plan history to allow for a simple estimate. A record of the necessary data for some number of years is required. To be useful, any calculation would need to utilize the method for determination of withdrawal liability as specified in the plan document. As a consequence, the only way to provide even an “estimate” of withdrawal liability is to collect the necessary data by employer for each plan year and do an actual calculation. The status of each employer must be determined – active, withdrawal, partial withdrawal, as well as the probability that withdrawal payments can be collected. Such variables preclude the possibility of a simple estimate.

As a result, the requirement to provide disclosures of potential withdrawal liability is a time consuming and expensive process. It would become an additional, annual recurring administrative expense for the plan and the participating employers and will divert resources away from funding the plan and providing for the membership.

The other disclosure requirements pertain to information which may be more readily available, but will still require additional time and expense to assemble. In many cases, such information (such as the employers overall percentage of plan contributions) will be need to be calculated by the plan or the actuary. In this case, such information is of questionable value. An employer’s share of contributions is a function of the relative size of its active workforce, not the relative size of the employer’s share of the overall plan liabilities or any withdrawal liability. This is another example of how more information is not necessarily more meaningful.

In summary, my view is that the additional expense of collecting the information for the required disclosures does not justify the results. Because of the cost and the potential for

misunderstanding, this is not a situation in which some disclosure is better than none. As an alternative, employers could be required to disclose certain information regarding the plan's overall funding status which is already available in the annual actuarial valuation report. Such a disclosure must make clear to any users that funding status is merely a snapshot at a particular point in time and that multiemployer pension liabilities are amortized and funded over a number of years. Another possibility is that an employer might disclose whether it participates in a multi-employer plan and whether the plan is meeting its obligations regarding minimum funding requirements. Any disclosure requirements should be designed to avoid extra time and expense on the part of participating employers.

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