

ASSOCIATED GENERAL CONTRACTORS OF OHIO

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Technical Director Financial Accounting Standards Board 301 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference 1860-100 – "Disclosure about an Employer's Participation in a Multiemployer Plan"

To Whom It May Concern:

On behalf of the Associated General Contractors (AGC) of Ohio, I respectfully submit the following comments in response to the Exposure Draft, *Disclosure about an Employer's Participation in a Multiemployer Plan*, and appreciate the opportunity to provide feedback about the proposed standards.

AGC of Ohio is a commercial construction association that represents both union and open shop general contractors, specialty contractors and suppliers and service providers. The association and its network of divisions reach thousands of construction employers across Ohio.

AGC of Ohio believes that the proposed disclosure requirements would be misleading to the users of the financial statements and would place a costly burden on those employers participating in multiemployer plans. Our concerns include:

The proposed standards do not consider the inherent differences between single-employer and multi-employer plans. The funded position of a single employer plan represents a true liability of the sponsoring employer, while the funded position of a multi-employer plan does not. In multi-employer plans, a contractor does not incur the liability unless it withdraws from a plan.

The liability assessment in the event of termination would be subject to negotiation with the plan trustees and the specific circumstances surrounding the withdrawal. Traditional accounting standards require a liability to be both probable and quantifiable. For the construction industry, withdrawal liabilities for multi-employer plans do not meet the probable and quantifiable criteria. The disclosed information would be founded on future events subject to speculation and negotiation. It would be very misleading if the contractor does not plan to withdraw from a pension plan.

The liability assessment would rely on actuarial calculations that are based on assumptions made by a plan's trustees. In most cases, a plan's actuarial reports lag months behind, making the withdrawal liability information outdated and inaccurate.

The costs associated with meeting the proposed standard are onerous to both the employer and the multi-employer plan. The Pension Protection Act of 2006 requires the disclosure of the unfunded status of a multi-employer plan; however, it does not extend to the calculation of withdrawal liability for individual participants due to the complex nature of the calculation. A significant amount of the proposed disclosures are unique to each employer and the negotiated multi-employer pension plans to which the employer is signatory. Employers will be required to hire outside experts – legal counsel and an actuarial consultant – to obtain, process and verify the required information.

In addition, the majority of contractors participate in more than one multiemployer plan; thus, the cost is compounded by the number of unions to which the employer is signatory. AGC of Ohio has some members that are signatory to over twenty multi-employer plans. Each multi-employer plan would require individual calculations, individual negotiation of the liability, and individual disclosure of the quantitative and qualitative data that would be required under the proposed regulations.

Determination of an individual participant company's liability would require the involvement of legal counsel retained by the participating employer, and the resulting calculations would be attorney-client privileged information. Due to the involvement of legal counsel and the subjective nature of the liability, disclosure of an employer's estimated liability would be difficult and costly, if not impossible to determine

We strongly encourage the Board to withdraw the current Exposure Draft as proposed, and consider disclosure enhancements that are more reasonable and attainable.

Richard J. Hobbs

Executive Vice President