



November 1, 2010

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

File Reference No. 1860-100

Dear Technical Director:

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the Proposed Accounting Standards Update, *Disclosure about an Employer's Participation in a Multiemployer Plan* (Proposed Update). The Committee is a voluntary group of CPAs from public practice, industry, and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of our Committee are outlined in Appendix A to this letter.

We agree with the intent of the proposed update. Financial statements should include transparent, decision-useful information about an employer's participation in multiemployer pension plans. We are concerned, however, that the number of proposed additional disclosures will result in information overload and diminish the importance of information key to understanding current and future cash flows. For this reason we do not support all of the disclosures in the Proposed Update. For example, we believe that an employer should disclose a withdrawal liability only if that liability meets the recognition and disclosure thresholds of ASC Topic 450. We do not support disclosure of a withdrawal liability in cases where the likelihood of withdrawal is remote. In our opinion such information could be misleading to users and disclosing it would create an unreasonable burden to employers and plans. We also are concerned about disclosing the unfunded status of the plan(s). An employer that participates in a multiemployer plan has a different obligation than an employer that sponsors a single-employer defined benefit plan. The unfunded position of a single-employer plan represents a true liability of the sponsor, while the funded status of a multiemployer plan does not. Further in most cases the information would be over a year old and out dated when issued.

Our comments on specific questions posed by the Board are as follows:

Question 1: Do you agree that the proposed quantitative and qualitative disclosures will result in a more useful and transparent disclosure of an employer's obligations arising from its participation in a multiemployer plan? Why or why not? If not, what changes would you suggest to the proposed amendments?

We agree that some but not all of the proposed quantitative and qualitative disclosures would result in more useful and transparent disclosure.

We agree that the following items should be disclosed:

- Terms and expected impact of funding improvement or rehabilitation plans;
- Nature and effect of any changes affecting comparability from period to period;
- Terms of the current contribution agreement, including basis for determining the contribution amounts;
- Contributions for the current period;



- Estimated contributions for the next period;
- The amount of withdrawal liability if it is reasonably possible that the employer will be assessed such an amount; and
- Known trends in contributions

We do not support disclosure of the following items included in proposed ASC 715-80-50-1B:

- 715-80-50-1B (b): We see limited value in disclosing, the name of the plan(s). However, if the Board decides to require this disclosure, we believe the Board should provide additional guidance on determining if a plan is material. For example, does the Board intend materiality to be based on the annual contributions or some other metric?
- 715-80-50-1B(c) 1: We do not believe the employer's exposure to significant risks and uncertainties arising from its participation in the plan(s) is required here. A discussion of significant risks and uncertainties is already required under ASC 275-10. Further, under ERISA each employer is liable for the entire obligation of the plan, regardless of the extent to which the obligation is attributable to their own employees. Thus, disclosure of the extent to which, under the terms and conditions of the plan(s), the employer can be liable to the plan(s) for other participating employer's obligations is not useful.
- 715-80-50-1B (c) 2: We believe a meaningful discussion of how benefit levels are determined will be quite lengthy while providing little if any additional value to financial statement users. This is a prime example of disclosure overload.
- 715-80-50-1B (c) 3: We do not believe a discussion of whether the employer is represented on the board of trustees provides insight into the current or future cash requirements of the employer. A trustee is bound by ERISA to act in the sole interests of plan participants and may not consider the interests of the employer in actions relevant to the fund operations.
- 715-80-50-1B (e): We note several problems with disclosing total assets and the accumulated benefit obligation of the plan(s), if obtainable, as of the most recent financial statement plan year-end and, for comparability, those amounts for the corresponding prior periods. First, as noted above, some users might erroneously believe that any unfunded position is a liability of the employer. Second, we understand that information from multiemployer plans is generally not available for 6-10 months after the plan's year end. Thus the most recent plan information will likely be a year old. Last, due to the volatility of the equity markets, the funding position of the multiemployer plan might not be properly reflected.
- 715-80-50-1B (f) and (i): We see limited value to these disclosures.
- 715-80-50-1B (m): As discussed above and in question 2 below, we do not agree that an employer should disclose a withdrawal liability if the assessment is remote.

Question 2: Do you believe that disclosing the estimated amount of the withdrawal liability, even when withdrawal is not at least reasonably possible, will provide users of financial statements with decision-useful information? Why or why not?

No. We believe, as stated above and in our comment letter to the Board regarding Proposed Accounting Standards Update, *Disclosures of Certain Loss Contingencies*, that the existing contingency disclosure requirements are quite sufficient when applied in good faith. To that end, the proposed disclosures regarding estimated withdrawal liability associated with multiemployer pension and similar plans should not be any different. Rather than being decision-useful, we believe such estimated disclosure would cause unnecessary concern among many financial statement users who could give undue credence to a remote contingency. In addition, the time and cost involved to obtain such an estimate (with a remote likelihood) is unjustifiable.



Question 3: What implementation costs, if any, will an employer face in applying the proposed disclosures? Are these costs significantly different when applying the proposed disclosure requirements to foreign plans?

We believe that significant, additional resources will be required by the plans and their sponsors to comply with the proposed disclosures. These would include fees charged by actuarial firms to calculate the withdrawal liability of each employer in the plan, the employer's internal cost of accounting and human resource personnel to prepare the disclosures, and audit costs. We also believe that these costs could be significantly different, i.e., greater, for foreign plans, as the particulars of foreign regulations often vary from U.S. requirements, the details of which will have to be obtained, and analyzed, for purposes of disaggregation or aggregation with other plans.

Question 4: The Board plans to require that the amendments in the final Update be effective for public entities for fiscal years ending after December 15, 2010. Are there any significant operational issues that the Board should consider in determining the appropriate effective date for the final amendments?

Yes. We believe there are significant operational issues if the disclosures are adopted as proposed. The comment period ends on November 1. Thus, there would be a very short period from issuance of the final guidance, and its effective date. Calendar year-end reporting entities would have, at best, only three months to not only understand the requirements but to obtain, evaluate, and summarize the required information. We believe this is simply not enough time. While we agree that with reasonable effort, employers should be able to obtain a majority of the required plan information, we also believe that the time required to properly evaluate, compare and disaggregate the information is equally critical. This task will require more time for entities with employees participating in a numerous plans around the globe, or diversified companies with employee groups participating in different multiemployer plans. For these reasons, we believe that the proposed amendments, if adopted should become effective for fiscal years ending after December 15, 2011 for public entities and one year later for nonpublic entities.

Question 5: The Board intends to defer the effective date for nonpublic entities, as defined in transition paragraph 715-80-65-1, for one year. Do you agree with the proposed deferral? If not, please explain why.

We agree with a one-year deferral of the effective date for nonpublic entities, preferably to fiscal years ending after December 15, 2012 for reasons stated earlier, and because of the additionally constrained resources of nonpublic entities.

Question 6: In addition to the deferral for nonpublic entities, should any of the provisions in this proposed Update be different for nonpublic entities (private companies and not-for-profit organizations)? If so, which provision(s) and why?

We do not believe that, other than a deferred effective date, there would be any basis for a difference in the guidance applicable to private companies.

Question 7: Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's (SEC) requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

We have no comment.



We appreciate this opportunity to offer our comments.

Sincerely,

Reva Steinberg, CPA

Chair, Accounting Principles Committee

Jeffery Watson, CPA

Vice-chair, Accounting Principles Committee



APPENDIX A
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2010-2011

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

Robert A. Dombrowski, CPA	McGladrey & Pullen LLP
John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Scott G. Lehman, CPA	Crowe Horwath LLP
Matthew G. Mitzen, CPA	Blackman Kallick LLP
Reva B. Steinberg, CPA	BDO USA LLP
Jeffery P. Watson, CPA	Blackman Kallick LLP

Medium: (more than 40 professionals)

Gilda M. Belmonte, CPA	E.C. Ortiz & Co, Ltd.
Marvin A. Gordon, CPA	Frost, Rutenberg & Rothblatt, P.C.
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.
Jennifer L. Williamson, CPA	Ostrow Reisen Berk & Abrams Ltd.

Small: (less than 40 professionals)

Barbara Dennison, CPA	Selden Fox, Ltd.
Kathleen A. Musial, CPA	BIK & Co, LLP
Michael D. Pakter, CPA	Gould & Pakter Associates LLC

Industry:

Christopher M. Denver, CPA	Solomon Edwards Group LLC
Kenneth J. Frederickson, CPA	NGL
Farah. Hollenbeck, CPA	Hospira, Inc.
James B. Lindsey, CPA	TTX Company
Michael J. Maffei, CPA	GATX Corporation
Jacob R. Mrugacz, CPA	U.S. Cellular
Karen R. Page, CPA	David Lewis Co.
Anthony Peters, CPA	McDonald's Corporation

Educators:

James L. Fuehrmeyer, Jr. CPA	University of Notre Dame
Laine E. Malmquist, CPA	Judson University
Leonard C. Soffer, CPA	University of Chicago

Staff Representative:

Paul E. Pierson, CPA	Illinois CPA Society
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