

November 5, 2010

Mr. Russell Golden  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

By e-mail: [director@fasb.org](mailto:director@fasb.org)

**Re: Exposure Draft, Proposed Accounting Standards Update, *Compensation—Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosure about an Employer's Participation in a Multiemployer Plan***

**(File Reference No. 1860-100)**

Dear Mr. Golden:

The New York State Society of Certified Public Accountants, representing more than 27,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Mark Mycio, Chair of the Financial Accounting Standards Committee at (212) 838-5100, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



Margaret A. Wood  
President

Attachment



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**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**EXPOSURE DRAFT, PROPOSED ACCOUNTING STANDARDS UPDATE,  
COMPENSATION—RETIREMENT BENEFITS—MULTIEMPLOYER PLANS  
(SUBTOPIC 715-80): DISCLOSURE ABOUT AN EMPLOYER'S PARTICIPATION  
IN A MULTIEMPLOYER PLAN**

**(FILE REFERENCE NO. 1860-100)**

**November 5, 2010**

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**New York State Society of Certified Public Accountants  
Financial Accounting Standards Committee**

**Comments on**

**Exposure Draft, Proposed Accounting Standards Update, *Compensation—  
Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosure about an  
Employer’s Participation in a Multiemployer Plan*  
(File Reference No. 1860-100)**

We have reviewed the Exposure Draft, Proposed Accounting Standards Update, *Revenue Recognition (Topic 605) Revenue from Contracts with Customers*, (the “Exposure Draft” or “ASU”) and appreciate the opportunity to provide our comments. We have the following general comments followed by responses to the questions posed by the Board. Each such question is reprinted in boldface, followed by our response.

**General Comments**

We do not agree that all of the proposed quantitative and qualitative disclosures will result in a more useful and transparent disclosure of an employer’s obligation arising from its participation in a multiemployer plan. We are of the opinion that the proposed disclosures will cost a reporting entity significantly more time, and many to utilize significantly more resources than the benefits to the financial statement user would warrant. The views expressed in our answers to questions 1 through 5 primarily address the application of the Exposure Draft to public companies. Except for limited situations, we do not believe that any final Accounting Standards Update should apply to nonpublic entities (see our answer to question 6).

Benefit plans typically do not finalize their financial statements until well after the filing deadlines for SEC registrants have expired, often as late as nine and one half months after the plan’s year end (*i.e.* October 15 for a calendar year end plan). Furthermore, the actuarial data included in a plan’s financial statements oftentimes is determined as of the beginning of the plan year, which ages the information by an additional year beyond the time already mentioned. Therefore, in certain instances, data available to the sponsoring employer may be as much as two years behind. Due to the age of this data, it loses relevance, and combined with the financial market volatility effect on the value of plan assets, it has the potential to become misleading.

We believe that, as indicated above, the proposed disclosures would overburden the user with excessive detail that would not assist in understanding the risks and commitments associated with participating in the plans. In addition, the Exposure Draft acknowledges that the information in several disclosures might not be

obtainable. The fact that it is possible or even likely that many disclosures will not be obtainable will make comparative analysis and full transparency difficult, if not impossible to achieve. This contradicts the Board's stated purpose that the proposed disclosures' objective is to enhance transparency.

We believe that obtaining information timely from the plan administrator will frequently be problematic, and leave plan sponsors with little option to obtain such information from sources other than those publicly available (*e.g.*, freeErisa.com). However, in our experience, only the IRS Form 5500 is available on freeErisa.com and a plan's Form 5500 frequently is not posted on this Web site for three to nine months following filing of the form with regulatory agencies.

## Responses to Questions

**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?**

Refer to the section "General Comments" for our reasons as to why we believe that the proposed quantitative and qualitative disclosures will not result in a more useful and transparent disclosure of an employer's obligation arising from its participation in a multiemployer plan.

We suggest the following changes to the proposed disclosures (followed by the ASU paragraph reference):

1. Any required disclosure of plan information should not be disaggregated because that is clearly overly burdensome and excessively detailed. (ASU 715-80-50-1A)
2. The following proposed disclosures should be omitted for lack of relevance to the users:
  - a. Number of plans. (ASU 715-80-50-1B a.)
  - b. Name of plans. (ASU 715-80-50-1B b.)
  - c. How benefit levels for plan participants are determined. (ASU 715-80-50-1B c.2.)
  - d. Employer's contributions as a percentage of total contributions to the plans. (ASU 715-80-50-1B f.)
  - e. Whether the employer is or is not represented on the plan's board of trustees or similar body. (ASU 715-80-50-1B c.3.)
  - f. Agreed upon basis for determining contributions for each future year covered by a contract. (ASU 715-80-50-1B f.).
3. The following proposed disclosures should be made only if the event is probable:
  - a. The employer's consequences if it may cease contributing to the plans. (ASU 715- 80-50-1B c.4.)

- b. Amounts required to be paid on withdrawal from the plan or windup of the plan. (ASU 715-80-50-1B m.2.) It should be noted that as discussed in paragraph BC10 of the Exposure Draft, “often those details will be available only for the prior period,” and, accordingly, would only provide dated information, which because of the time lag, could make the disclosure misleading. If the withdrawal amount is estimated, disclosure should be made of the basis of the estimate and the relevant dates used to calculate the estimate. This disclosure would alert the reader that the information may be dated.
    - c. Information about the employer’s relative participation in the plans for which an amount is required to be paid on withdrawal from the plan or windup of the plan in the event that the actual amount to be paid is unobtainable. (ASU 715-80-50-1B m.3.)
4. We agree that the disclosure of contractual arrangements descriptions is of value to the reader. However, if the disclosure of contractual arrangements descriptions is made, the following would be overly burdensome and excessively detailed, or irrelevant:
  - a. Expected contributions for the next annual period to the extent that these contributions are based on forecasted information. Disclosure based upon forecasting would be dependent on too many variables so as to render the disclosure potentially misleading and potentially prejudicial. Among other things, forecasting contributions would require companies to estimate future levels of wages and other factors that are inappropriate in a financial statement. Expected contributions based upon known contractually required payments as based upon the contractual arrangements would be more relevant. (ASU 715-80-50-1B k.)
  - b. Known trends in contributions. (ASU 715-80-50-1B l.)
5. The proposed disclosure for total assets and the accumulated benefit obligation of the plans as of the most recent plan year end, if obtainable, is impractical because such information would not be available on a timely basis to prepare the reporting entity’s statements as stated in the “General Comments.” Any obtainable information in this regard would be misleading because of market volatility between the date of the information and the date the reporting entity’s financial statements would be released. Therefore, we believe that the proposed disclosure of employer’s contributions as a percentage of the plan’s total contributions and quantitative information about the employer’s participation in the plans is irrelevant. (ASU 715-80-50-1B e.)
6. Proposed disclosure of the rate of employer contributions is overly burdensome in its detail. The quantitative amount of the aggregate contributions would serve the financial statement users more concisely. (ASU 715-80-50-1B d.2.)
7. The proposed disclosure of the percentage of the employer’s employees covered by the plans is addressed in other pronouncements: *i.e.*, ASC 275-10-50-20.

Including this proposed disclosure is an unnecessary redundancy. (ASU 715-80-50-1B h.)

**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?**

We do not believe that disclosing the estimated amount of the withdrawal liability when the withdrawal is not at least probable will provide users of financial statements with decision-useful information. The threshold of reasonably possible, defined in the ASC glossary as “the chance of future event or events occurring is more than remote but less than likely,” is far too low to require disclosure. Disclosure of the withdrawal liability when its occurrence would be “less than likely” would serve only as a negative connotation, and would serve only to make disclosures more confusing to the readers.

**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?**

Many employers would incur substantial costs in applying the proposed disclosures, depending on the number, size and scope of the plans to which it is a party. For example, it is not uncommon for employers to be party to numerous collective bargaining agreements: each with multiple benefit plans (pension and postretirement). Consequently, organizations would need to obtain, analyze and verify information on each plan. Furthermore, many not-for-profit entities (NFP) have defined benefit plans covering employees both at the national and local chapter level, and it is not uncommon for local NFP chapters to be quite small (oftentimes they have a limited number of employees). Costs to comply with the ASU would be incurred in gathering, analyzing and verifying the voluminous information required by the ASU. Compliance with the ASU would put a strain on the reporting entity’s resources and jeopardize timely reporting by the entity. As a result, we believe that the costs of complying with this ASU far outweigh any benefit that could be derived from it.

**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?**

In consideration that the Exposure Draft’s comments are not due until November 1, 2010, we believe that making the final ASU effective for public entities with fiscal years ending after December 15, 2010, is unreasonable. This time frame is too short for any entity to implement its provisions. We recommend that the final ASU be effective for public entities no earlier than for fiscal years ending after December 15, 2011.

**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 do not believe that this proposed ASU should be imposed on nonpublic entities in as much as the proposed disclosures lack relevance to the nonpublic entity's financial statement user. Applying accounting principles to nonpublic entities is becoming increasingly more difficult, and strains scarce resources. This ASU would exacerbate that problem. Furthermore, if information about a nonpublic entity's involvement with multiemployer benefit plans is of importance to financial statement stakeholders, they could request such information from the entity's management. However, should the final update be applicable to nonpublic entities, we recommend that the effective date be no earlier than for fiscal years ending after December 15, 2012, with early adoption permissible.

**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 provisions(s) and why?**

We believe that a nonpublic entity's disclosures about an employer's participation in a multiemployer plan should be limited to its contribution costs, its funding obligations and withdrawal obligations provided such withdrawal is probable.