



American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

November 5, 2010

Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: September 1, 2010 Exposure Draft (ED) of a Proposed Accounting Standards Update (ASU), Compensation-Retirement Benefits-Multiemployer Plans (Subtopic 715-80): Disclosure about an Employer's Participation in a Multiemployer Plan [File Reference No. 1860-100]

Dear Sir/Madam:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to act as an advocate for all local and regional firms and represent those firms' interests on professional issues, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the ED and is providing the following comments for your consideration.

GENERAL COMMENTS

TIC supports this proposal as a necessary step to improve disclosure of an employer's involvement in a multiemployer plan. However, TIC believes the ED includes certain required disclosures that would be unnecessary for public and private employers and may have cost implications for the plans that will need to supply many of the proposed disclosures to participating employers.

TIC's detailed comments on the questions for respondents are presented below.

SPECIFIC COMMENTS

- 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?*

TIC believes most of the proposed disclosures would be useful to users of the financial statements in the form suggested, although for some employers the data disclosed may be somewhat outdated. Most privately-held company financial statements are issued within 120 days of year end. However, pension plan reporting is driven by regulatory and compliance deadlines. These filings are generally not required until 7 months after year-end and may be extended until 9½ months after year-end. Thus, the majority of the quantitative disclosures would, effectively, be one year older than the employer's financial statements. Despite this delay, however, TIC believes the disclosure of outdated information is better than the minimal disclosures provided today.

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?*

Yes. At first, TIC struggled with the usefulness of this disclosure when the likelihood of the entity's withdrawal from the plan was less than reasonably possible. Since withdrawal would not have any impact on the plan sponsor in the foreseeable future, TIC initially believed the disclosure would be unnecessary and would add to disclosure overload. However, if, as discussed in paragraph BC10 on p. 16 of the ED, "...the withdrawal liability is the best available information to allow users to ascertain the employer's relative share of the funded status" and the amount of potential exposure to loss that the employer has as a result of its participation in the plan, then TIC can accept the disclosure as decision-useful.

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?*

The most significant hard dollar costs may be paid by the pension plans. If they are supplying this information to TIC's constituency in a time frame that will allow it to be included in the financial statements, they will need to increase their staffing to meet these accelerated deadlines. TIC would also expect the pension plans to bear significantly increased professional fees for audits, tax preparation, etc. If the plans have the work performed in this time frame, their service providers will increase the fees to perform these services due to greater compression of work during the first four months of the year. These costs will either result in lower retirement benefits or increased costs to employers.

Therefore, TIC believes that one area of concern that should be considered by the Board is whether or not the plans should and can bear the costs of these disclosures. The disclosures are needed for the corporate financial statements only and do not benefit the plan participants.

Since the source of the disclosures is the plan, another concern is that issuers may not be able to compel the plans to provide the information on a timelier basis, absent some regulatory requirement to do so.

There is also some uncertainty surrounding the possibility that the DOL could consider the incremental cost of providing the disclosure information a prohibited transaction under the Employee Retirement Income Security Act of 1974 (ERISA), Section 406. If deemed a prohibited transaction by the DOL, an excise tax could be imposed upon the plan sponsor. TIC recommends that the Board consider such potential implications as it finalizes the ED.

The costs incurred by preparers of privately-held financial statements will be primarily indirect except for costs passed along to the employer by the plan. There will be the incremental additional costs of identifying the information and amounts required to be disclosed and preparing the disclosure. There will also be increased costs related to the auditing of these disclosures. However, TIC believes these costs will not be significant.

TIC has no comment as to the cost of applying the proposed disclosure requirements to foreign plans.

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?*

TIC believes small public companies will have difficulties implementing this standard for calendar-year-end 2010 financial statements. Small public companies often have some of the same resource issues as private companies and will need time to become aware of, understand and obtain the information for the required disclosures. Another operational issue may arise if the participating employers have to wait for the plans to set up a delivery process to supply the disclosure information. TIC therefore believes smaller public companies (at a minimum) will need a one-year deferral to fiscal years ending after December 15, 2011 to ensure sufficient time for compliance.

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, explain why.*

TIC agrees with the proposed deferral.

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 and why?*

TIC believes the following disclosures, required in paragraphs 715-80-50-1B-c(2), 1B-c(3), 1B-c(5), 1B-i, and 1B-k should be eliminated for both public and nonpublic entities:

- 1B-c(2)—How benefit levels for plan participants are determined.
- 1B-c(3)—Whether the employer is or is not represented on the board of trustees of the plan(s) or a similar body.
- 1B-c(5)—Any funding improvement plan(s) or rehabilitation plan(s), including the expected effects on the employer. For plans in regulatory warning zones, the warning status and remedies being considered by the plan(s) should be described, if known.
- 1B-i—Quantitative information about the employer’s participation in the plan(s), for example, the number of its employee participants as a percentage of total plan participants disaggregated between active and retired participants, if determinable, as of the most recent date available.
- 1B-k—Expected contributions for the next annual period.

TIC believes this information would not be of interest to the majority of private company financial statement users and is therefore unnecessary. Excessive disclosures detract from the overall usefulness of financial statements and could cause users to overlook more important disclosures. Required disclosures should be limited to those that include information that is necessary for users to know and should exclude minor details. TIC believes this disclosure policy will hold down costs for preparers and will increase the clarity of the notes to the financial statements for all users. In addition, TIC is concerned that the estimate needed for disclosure 1B-k (expected contributions for the next annual period) may involve so much uncertainty (as to employment levels, overtime, etc.) that a reasonably accurate estimate may be almost impossible to determine.

7. TIC has no comment regarding the question on the proposed and existing XBRL elements.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,



Philip J. Santarelli, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees