Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Chris Barnard

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-File Reference No. 1860-100
-Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80)
-Disclosure about an Employer’s Participation in a Multiemployer Plan

Dear Sir.

Thank you for giving us the opportunity to comment on your Proposed Accounting Standards Update – Disclosure about an Employer’s Participation in a Multiemployer Plan.

The proposed amendments aim to improve transparency via increased disclosures, and provide users of financial statements (users) with more meaningful information about the risks in, and commitments an entity has made to multiemployer plans. If any of the required disclosures is unavailable, the entity shall disclose the reasons why.

I fully support the FASB’s proposed amendments. They will provide greater transparency on the risks and business impacts of multiemployer plans, and force plan sponsors and entities into a greater understanding of the financial consequences of managing and participating in multiemployer plans.

I believe that there would be significant costs to initially understand and implement the additional disclosures. However, I would argue that having a good understanding of plan financial, operational and risk drivers, including their dependencies, is vital to making business-useful decisions concerning multiemployer plans.
Answers to specific questions raised by the FASB

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?

Yes. This provides more meaningful information to users. Plan sponsors, entities and users need to understand the risks inherent in multiemployer plans, and the potential financial impacts, now and in the future, of volatile economic and demographic factors, changes to benefits or contributions, changes to regulations, and potential actions taken by other plan members.

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?

Yes. Such information helps focus minds on the potentially negative financial impacts of withdrawal. At the very least, this should force entities to think about the issues, and develop potential action plans to manage any such risk and problems in the future.

It is also important that parties start to manage expectations in the financial arena, and educate users about the meaning of the withdrawal liability “...when withdrawal is not at least reasonably possible”.

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?

I would expect a significant one-off cost to initially understand and implement the additional disclosures, with far lower ongoing cost in the future. I believe this cost is outweighed by the benefits of all parties openly understanding the potential risks and financial consequences of multiemployer 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?

This is clearly a challenging timeframe.

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.

Yes.

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?

No.
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.

Yes.

Yours faithfully

C.R. Barnard

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