May 3, 2011

Via Facsimile
(203) 849-9714
Attention: Stacey Sutay

Technical Director
File Reference Number 1860-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Subtopic 715-80 (Compensation — Retirement Benefits — Multiemployer Plans)

Dear Sir or Madam:

The Western Conference of Teamsters Pension Trust Fund ("Fund") has previously submitted comments to the Financial Accounting Standards Board with respect to the above entitled proposed standards. On March 9, 2011, the staff reported to the Board summarizing the goals of the proposed standards, the concerns raised by commentators on the proposal, and a timetable for providing the Board with a revised proposal.

The Fund is one of the largest multiemployer pension plans in the country. Over 600,000 workers and retirees participate in the Fund. Contributions are made to the Fund by almost 2,000 employers who are engaged in over 50 different industries in the 13 western states.

1. Goals

On March 9, 2011, the staff said that the goals for the proposed standards are these:

"The objective is to enhance the transparency about the following:

(a) The plans in which an employer participates, including the financial status of those plans

(b) The degree of an employer’s participation

(c) The potential effect of an employer’s participation in the plans on its cash flow."
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Our comments focus on these issues.

2. Withdrawal Liability

It appears that the proposed disclosures regarding potential withdrawal liability were considered to meet the third goal listed. Many of the comments to the Board have focused on whether this reporting is appropriate. A reasonable conclusion from the facts and governing law is that unless the employer has withdrawn or intends to withdraw, it is not possible for an employer to provide an appropriate estimate of withdrawal liability that is not misleading. Therefore, the proposed disclosure does not meet the stated goals.

We believe that the Board would not wish to require the disclosure of financial information that is misleading. The problems with this information are summarized below. Additionally we suggest other disclosures that the Board may wish to consider to achieve the stated goals.

Withdrawal liability is misleading — The problems with withdrawal liability estimates (if there is no intent to withdraw) are numerous. The most important are these:

- There is no liability without withdrawal.

  Providing an estimate where there is no intent to withdraw mislead the reader. It suggests that there is a liability when there is none. This will harm contributing employers, will create an environment where employers are reluctant to participate in the Fund, and therefore would adversely affect employees who participate.

- Withdrawal liability estimates will be instantly out of date.

  These estimates are based on old information and will be misleading. The financial status of the Fund will have changed - quite possibly dramatically from the time of the estimate to the time of disclosure. For example, a report in 2010 based on end of the year 2006 would be very misleading for many plans, as would be a report in 2011 based on end of the year 2009.

- Withdrawal liability is very complex and there are many statutory limits to “the number”, so disclosure may well be misleading.

  As you know, there are many ways to compute withdrawal liability. And there are many statutory exceptions, all of which are much too complex to legitimately add to financial statements, particularly because they differ from plan to plan.

Withdrawal liability is misleading - Some have suggested proxies for withdrawal liability.

One proxy suggested is that the employer report the overall unfunded vested benefit
liability multiplied by its proportionate share of contributions. This has the same problems as discussed above. Additionally, because of the different methods of calculation this is likely to be wildly misleading. For example, a plan may have isolated potential liability for years before 2010 in order to encourage new employer entrants. This could wholly eliminate withdrawal liability for new employers.

Another proxy suggested is that the employer disclose the "zone" for the plan - green, yellow or red. This also is misleading. It bears no relation to withdrawal liability if withdrawal were to occur and when yellow or red is only a mandate for future action. Further, in yellow or red there are numerous options for the bargaining parties, which would be essentially impossible (and inappropriate because of potential effects on the bargaining process) to add to financial statements.

A third proxy suggested is the current amount of contributions made by the employer to the plan. Generally, this is the limit of the annual installments that are required on withdrawal. However, without significant other information, this too is misleading because it does not give any information about how long the installments must be paid. That period could be as short (or shorter) than one year or as long as 20 years.

Burden on the plans and participants — Disclosure of information that is not readily available and currently provided to employers will add to the burden on plans, which is inappropriate. The Fund has nearly 2,000 contributing employers and if the Fund must create new information for each of them the cost will be substantial and will be charged to the trust fund, reducing the funds available to pay benefits.

Suggestions for disclosure —

- First, the apparent stated goal is to provide "the potential effect of an employer's participation in the plan on its cash flows". This will not result from any of the suggested disclosures for withdrawal liability.

Unless there has been a withdrawal or there is a probable or reasonably possible chance of withdrawal, there is no effect on cash flows of withdrawal. Therefore, there is no need to change the existing standards under Topic 450 and no new disclosure should be established for withdrawal liability disclosure.

- Second, with the focus on withdrawal liability it appears that there may have been a mixing together of the goals of stating the effect on cash flows and the goal of disclosing the financial status of the plan. Neither goal is met by the proposed disclosures regarding withdrawal liability.

The most accurate and timely financial information on the plan's financial status is the annual funding notice that is mandated by law and sent to every participating employer, union, and plan member. This information is available on line, at no charge, to the public. However, if the Board wants to save statement readers the trouble of searching for this information, it could require disclosure of the funded percentage (or of the total assets and...
liabilities and also the funded percentage) that is in the most recent annual financial statement of the plan.

Third, if the Board is convinced that there should be some disclosure regarding potential withdrawal liability when there has not been a withdrawal and there is no reasonable possible chance that one will occur, we suggest that the employer be allowed to choose to disclose one of the following (i) its most recent annual contribution to the plan or (ii) the difference between assets and liabilities in the plan’s most recent annual funding notice multiplied by its proportionate share of total contributions, or (iii) a reasonable variation of item (ii) in appropriate circumstances such as when under the plan’s rules any withdrawal liability would be de minimis.

Fourth, if the Board is convinced that there should be some disclosure regarding potential withdrawal liability when there has not been a withdrawal and there is no reasonable possible chance that one will occur, the employer should be allowed to add to the financial statements that (i) it will not owe any withdrawal liability unless and until there is a withdrawal, (ii) the amount of liability - if any - will only be known at that time and could be significantly different than what is reported, and (iii) it has not withdrawn and has no intent to withdraw.

Fifth, no disclosure should be required unless the plan is material for the employer. Materiality is a familiar concept so we suggest that what is material be left to the accounting profession. The Board may wish to give some guidance with examples however. For example, if contributions to one plan are more than 50% of the employer’s contributions to all plans, that could be material. Another example might be where the employer contributes more than 50% of all contributions to the plan.

Sixth, if the potential effect on cash flow is the primary concern, a possible measure is the current amount of contributions made to the plan though only for plans that are material for the employer. However, as discussed above, this is not an appropriate proxy for withdrawal liability and that should be made clear in any statement by the Board.

3. Summary - Meeting the Goals

Summarizing, the Fund proposes the following

- Materiality -- Disclosure should only be made for plans which are material for the employer

- Financial status of the plan -- The funded status of the plan as reported in the plan’s most recent annual funding notice should be disclosed.

- Degree of the employer’s participation -- The employer’s most recent total annual contributions to the plan should be disclosed, possibly as a percentage of the
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- **Potential effect on cash flows** — if the employer has withdrawn or there is a reasonable probability of withdrawal, the employer's withdrawal liability (or estimated withdrawal liability) should be disclosed. Otherwise, disclosure of the employer's most recent total annual contributions to the plan should be disclosed.

- If the Board wishes additional disclosure bearing on withdrawal liability, we propose that disclosure be limited to the third point under our suggestions above and that the employers be allowed to add the disclaimers in the fourth point under our suggestions above.

Please let us know if you would like additional information about these comments.

Very truly yours,

Richard Dodge  
Chairman

Chuck Mack  
Co-Chairman