## Connecticut Iron Workers Employers Association

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October 14, 2010

VIA EMAIL: director@fasb.org

Technical Director, FASB 401 Meritt 7 P O Box 5116 Norwalk, CT 06856-5166

RE: FASB Multi-Employer Pension Disclosure

## Dear Technical Director:

I am writing to you concerning the proposed requirements to disclose unfunded multiemployer pension plan withdrawal liabilities and retiree health obligations for firms that have no intent to withdraw from such plans. Our Association believes that the consequences of such disclosure will cause economic harm to the employers as well as to sponsoring organizations, and employees.

## Below are some of our concerns:

- 1. Misleading financial information- The unfunded withdrawal liability of a firm that does not intend to withdraw from a plan is an actuarially projected amount that does not accurately represent tangible liability. Given the wide swings in the investment performance (witness last September's market performance), and given that liability is an actuarially calculated amount with numerous assumptions e.g. mortality, investment performance, man-hours funding, the measurement amount is unreliable and misleading.
- 2. Economic harm- because the reporting of large withdrawal liability amounts may be misunderstood by consumers of the financial statements, as it does not represent an actual liability until a firm withdraws, the company will face an uphill battle trying to obtain financing and bonding for construction projects and cash flow needs.
- 3. Costs- The additional costs incurred by plans and sponsoring organizations to gather and produce the required disclosures are a non-productive use of plan assets.
- 4. Disclosure Theory- Usually financial statements do not recognize a liability until the amount is probable. Firms that withdraw from a plan meet this requirement, but those that are continuing should not be required to disclose an amount which will be misleading.

There is also concern that the additional disclosure requirements may have the effect of having employers leave multi-employer plans, which would have a broad undesirable social impact. We appreciate the opportunity to respond and share our concerns with you. Should you require any additional information feel free to contact me.

Sincerely,

John T. Leahy

Executive Director