

## PIEPER ELECTRIC, INC. ON SITE ELECTRICAL SERVICE AND MANUFACTURING

Monday November 1, 2010

Technical Director FASB 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116.

Dear Sir or Madam,

This is in response to the two proposed rules that have been issued by the Financial Accounting Standards Board. The two rules are Topic 450 "Disclosure of Certain Loss Contingencies" and 715-80 "Exposure Draft on Compensation-Retirement Benefits-Multiemployer Plans".

Regarding the first proposal (Topic 450), Pieper Electric, Inc. believes that withdrawal liability should only be disclosed when it has been incurred or will likely be incurred in the future. Moreover, even though there is some disagreement among accounting and actuarial professionals as to when such withdrawal liability assessments will need to be disclosed, Pieper Electric, Inc. believes that under no circumstances should FASB expand the threshold to change the current reporting standard from "probable or reasonably possible" to "remotely possible." Withdrawal liability assessments can be misleading because they represent a snapshot of a single moment in time and fail to reflect the long-terms nature of multiemployer defined benefit plans or other factors affecting plan funding such as fluctuating stock market returns.

Regarding the second proposal (Topic 715-80), Pieper Electric, Inc. believe this is a dramatic expansion of the reporting requirements that employers contributing to multiemployer pension plans will need to disclose. Pieper Electric, Inc. has other concerns related to this proposal. Those concerns are as follows:

- <u>Misleading Information</u> As much as Pieper Electric, Inc. understands the need for greater transparency with respect to financial decision-making by crediting institutions, we believe FASB's request for additional disclosures will produce misleading and inaccurate information.
  - o Most withdrawal liability estimates will be more than a year out-of-date when financial statements are published.
  - The financial markets have been volatile with large losses posted in 2008 and significant gains posted in 2009.
    - The 20-year cap on payments and likelihood of up-front payments make it unlikely that an employer will cover the full withdrawal liability assessment.
    - Construction maintains a mobile, transient workforce. How would Pieper Electric, Inc. report the number of actual and retired workers? At what point in time would such a calculation be made? Would this include anyone who ever worked for Pieper Electric. Inc.?

- Inconsistent with National Public Policy Over the past several years, Congress has passed laws aimed at strengthening employer-sponsored pension plans. Congress does not want to see these plans fail. Congress has passed laws to set out special rules (ERISA) for the construction industry with respect to withdrawal liability; FASB's proposals should respect such public policy and not attempt to issue "one-size-fits-all" standards.
- Withdrawal Liability Unlikely FASB is requiring that Pieper Electric, Inc. determine what its
  withdrawal liability would be and disclose such figures on financial statements even though the
  reality is that Pieper Electric, Inc. has not and will not take those steps to cease contributing to a
  plan and "go non-union" within five years.
- Cost and Administrative Burdens The sheer volume of paperwork will place an unreasonable burden on Pieper Electric, Inc. Pieper Electric, Inc. will have to fund actuarial calculations for the number of defined benefit plans in which we participate. Plans will be burdened; actuaries are unlikely to have the resources to meet the demand of performing such calculations for plan participants. Withdrawal liability calculations are expensive to calculate and the cost will in all likelihood fall on us.
- Inappropriate to Disclose Certain Information It would be inappropriate to comment on future strategies related to collective bargaining. For example, information related to funding improvement plans or rehabilitation plans that are under consideration could be proprietary in nature.

Pieper Electric, Inc. supports FASB's goal of maintaining transparency and establishing high accounting standards, but it is opposed to providing misleading and inaccurate withdrawal liability information. The inclusion of such misleading information, in the form of a new disclosure on an employer's financial statement, will negatively impact an employer's ability to secure a line of credit or a loan. Such a disclosure will negatively impact the credit industry as it will reject loan applications from employers with these new disclosures that will now appear on financial statements. When in reality, such an investment opportunity is one with a financially secure company.

At a time when the country is trying to come out of an economic recession, this represents an unnecessary restriction on the use of capital and an investment opportunity lost for the banking and investment industry.

Sincerely,

Daniel J. Melstrand Controller and Secretary