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October 28, 2010

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06586-5116

Re: File Reference No 1860-100, Disclosure about an Employer's Participation

in a Multiemployer Plan.

Dear Sir,

Hemming Morse, Inc is a large regional CPA firm specializing in the audits of Employee Benefit Plans. We audit over 200 multiemployer benefit trust funds that hold more than \$34 billion in assets. These funds are comprised of Pension, Health and Welfare, Legal Services, Apprenticeship and others. In addition, I have been a member of the AICPA audit committee and have been on the International Foundation Employee Benefit Plans finance committee.

In reading the exposure draft, the main concept to be considered should be: will the disclosures result in more useful and transparent information to the readers of the financial statements that are being affected.

The FASB's exposure draft gives an example illustration of the standard footnote, as they perceive it. This disclosure requirement is two pages long. The information included calls for information about the multiemployer plans that the employer is participating in and information about cash flows arising from the employer's participation in those plans. This includes a narrative description of the employer's exposure to significant risks and uncertainties and how an employer can be liable if other participating employers do not make the necessary contributions to the plans. If the plans are underfunded, any funding improvement plans or rehabilitation plans must be disclosed. The exposure draft is asking for disclosures of the employer's contributions as a percentage of total plan assets, the liability amount if the employer wanted to withdraw from the plan, cash flow information relating to expected contributions for the next reporting period, known trends in contributions, and much more.



Mr. Russell G. Golden Financial Accounting Standards Board October 28, 2010 Page 2

The FASB's Guiding Principle is to be neutral, "information must report economic activity as faithfully as possible without coloring the image it communicates for the purpose of influencing behavior in any particular direction." Almost everything being asked to be disclosed goes against the very principle that FASB is trying to protect.

The overall problems with the proposal are the following:

- 1) The sheer volume of material required is a burden on the employer and on the third party administrator of the plan who would be required to provide it.
- 2) A very large burden on the plans themselves to provide this information will be taking time and resources away from plan participants.
- 3) The dollar amount of the information being requested requires providing a variety of potentially misleading or speculative information from employers which will be outdated before the audited financial statements are released.
- 4) The information within the footnotes of the contributing employers would be speculative and based upon "what if" scenarios. It will greatly hinder them in their ability to obtain financing, as well as create difficulty in obtaining Surety Bonds, banking issues in relation to lines of credit and a widespread impact on employer participation in Multiemployer Pension Plans.
- 5) One of the biggest factors in calculating withdrawal liability is based on interest rates. As we have seen in our current economy, there can be wide swings in interest rates on a daily basis. In addition, there are investment returns to consider and regulatory revisions within pension plans. All of these factors create highly volatile circumstances that can change rapidly. The person in the best position to calculate this information would be the plan's actuary. These firms are not staffed or prepared to have hundreds and, in some cases, thousands of employers contact them to determine their individual withdrawal liability amount.





Mr. Russell G. Golden Financial Accounting Standards Board October 28, 2010 Page 3

6) There would be increased costs to the Trust Funds to provide timely reporting upon the request of employers to obtain this information for them, which in some cases is not possible. It would also be taking resources away from the fund and plan participants.

In conclusion, it is our opinion, that this exposure draft on Employer's Participation in a Multiemployer Plan should not be implemented based upon the reasons stated above. Required disclosures should not be misleading nor have outdated amounts disclosed to the investors, lenders, and readers of the financial statement footnotes. The disclosures should be a fair representation of the employer's financial position as of their year end. The purpose of the footnotes is to provide the current financial situation of the respective employers without unfairly compromising and unjustly influencing their actual financial situation. At the same time, it would be unfair to the respective Employee Benefit Plans for whom these disclosures would have the long range effect of reducing participation in their plans by current and future employers. This in turn would greatly affect the current and future participants in the plans. We urge you to reconsider your position on this exposure draft.

Sincerely,

Alex Miller

Vice President/Audit Director

Hey Miller

Hemming Morse, Inc.

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