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September 15, 2010

Via email: director@fasb.org

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

Re: File Reference No. 1860-100
Disclosure about an Employer's Participation in a Multiemployer Plan

Dear Sir:

Kraw & Kraw is a law firm that provides services to more than 40 multiemployer benefit trust funds in the United States; these funds in turn provide pension, health and other benefits to hundreds of thousands of participants and oversee several billion dollars in benefit plan assets. We appreciate this opportunity to comment upon the above referenced exposure draft.

The FASB's proposed amendments are similar to the proposed guidance of the International Accounting Standards Board in its April, 2010 Exposure Draft. As has been correctly noted in one comment to that IASB Exposure Draft (from the ITUC and TUAC), those proposals would encourage employers to shift from defined benefit to defined contribution plans based on an inaccurate, volatile and inflated measurement of net defined benefit liability. We believe that the FASB amendments would have similar effect, and ultimately put at risk the retirement security of millions of American workers participating in multiemployer plans.

The FASB Exposure Draft requires a variety of potentially misleading or speculative information from participating plan employers. For example, these employers will be required to disclose their liability upon withdrawal from the plan, even when they have no present intent to withdraw. Employers will be required to speculate on future contribution trends and the consequences of other employers withdrawing. Such reporting will negatively distort these employers' financial credibility by requiring them to describe contingencies that are remote in nature or impossible to predict with any precision. It will impair these employers' finances and ability to obtain bank financing and bonding. It will inevitably discourage employer participation in multiemployer plans. And it most certainly will not result in more useful and transparent disclosures of employer obligations to multiemployer plans.

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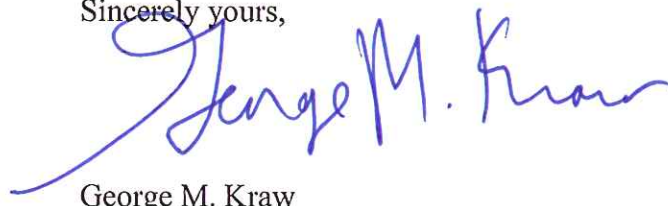
The fundamental question for readers of financial statements should be whether the employer intends to continue in the plan. So long as an employer has no present intent of withdrawing, and the pension plan is not terminating, information concerning future withdrawal liability is speculative at best. The Exposure Draft's requirement for skewed financial pictures of single moments in time fails to take into account the long-term nature of multiemployer plans and the self-correcting mechanisms within plan structures--such as the plans' ability to adjust future benefit accruals and contribution rates. Pension liabilities are affected by a variety of external factors, especially interest rates, investment returns and regulatory revisions. These factors create highly volatile circumstances that can change rapidly. Pension liabilities are not traded on open markets. There is no market that marks a daily valuation of the long term cost of pension promises. In many cases, calculations of individual employer liability will have to be based upon plan information that is already out of date.

Multiemployer plan professionals have noted a variety of other problems in both the FASB and IASB proposals. The volume of information required will burden plans and employers with substantial additional costs of compliance. It is unclear whether plans are barred by applicable law from spending plan assets to collect and provide required information. There are no industry specific rules for groups such as construction employers that are subject to separate regulations. Some information concerning mobile workforces may be impossible to obtain.

We agree with all these objections. But most importantly we believe that the Exposure Draft is inconsistent with the FASB's obligation to ensure the neutrality of information resulting from its standards. As stated in the FASB's Guiding Principles, 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." The FASB proposals, if adopted, are by their very construct biased against the continuation of multiemployer defined benefit plans. They inevitably will produce large amounts of inaccurate information that exaggerate pension plan liabilities, encourage short term thinking and push employers to exit.

In sum, we urge the FASB to reconsider in its entirety the proposed amendments and to seek to address the issues of transparency in multiemployer pension operations in a more realistic way that does not raise the likely prospect of providing misleading information to users of financial statements. We strongly encourage FASB to undertake this reconsideration in a manner that ensures procedural fairness, and which provides sufficient time and opportunity for the interests of all stakeholders to be considered. This is a matter of great importance not only to employers but also to workers covered by multiemployer plans; all voices should all be heard and the potential consequences of the FASB proposals fully explored. As such, we support calls previously made for a field hearing with senior FASB officials to discuss proposals affecting multiemployer plans.

Sincerely yours,



George M. Kraw