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September 21, 2010

Technical Director FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5166

File Ref: 1860-100

RE: FASB Multi-Employer Pension Disclosure

Dear Technical Director:

On behalf of my clients, I am responding to the proposed requirements to disclose unfunded multi-employer pension plan withdrawal liabilities for organizations that have no intent or desire to withdrawal from such plans. Our firm believes that the repercussions of such and disclosure will cause economic harm to the sponsoring organizations, employees and overall economic recovery. We have outlined support for our position as follows:

- 1 Misleading financial information – The unfunded withdrawal liability of a sponsoring organization that does not intend to withdrawal from a plan is an actuarial projected amount and projected amount does not represent a tangible liability. Given the wide swings in the investment performance, and given that the liability is an actuarial calculated amount (with numerous assumptions: discount rate, morality, investment performance, man-hours funding) the measurement amount becomes misleading.
- 2 Economic harm – because the reporting a large withdrawal liability amount may be misunderstood by users or the financial statements, as it does not represent an actual liability until an organization withdrawals, the participating organization will face an uphill battle in trying to obtain financing for construction projects and cash flow needs. The lending institutions will unfairly punish the multi-employer participating employer for their involvement in the Plan that was set up for the welfare and benefit of their employees. Based on the clients that I service, this represents approximately 150,000 employees and 202 million work hours annually.
- 3 Costs – The additional costs incurred by plans and sponsoring organizations to gather and produce the required disclosure is a non-productive use of Plan assets.
- 4 Disclosure Theory – In most accounting theory, the financial statements do not recognize a liability until the amount is probable and estimatable. We agree that sponsors who have elected to withdrawal from the Plan have met this threshold; however, those that are continuing in perpetuity have not and should not be required to disclose an amount, which will be misleading.
- 5 Social Costs – The additional requirements and costs associated will have the effect of having sponsoring organizations leave the multi-employer plans, which has a far reaching social economic impact. The retirement burden will be shifted to the employee, and ultimately social security and government subsidy programs as an aging community will no longer be able to support themselves.

We appreciate the opportunity to respond on behalf of our clients and share with you some of the real world impact that these additional disclosures will have. Should you require additional information, please feel free to contact me.

Respectfully submitted,

Kurt D Needles, CPA
Needles & Associates, LLC