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To: Technical Director
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Two recent proposals that are under consideration by FASB have the very real potential of spreading misleading information and imposing undue administrative burdens on thousands of electrical contracting firms throughout the country. In our area alone, nearly 500 firms operating in our market would be impacted by this development.

It is our understanding that Topic 450 “Disclosure of Certain Loss Contingencies” would impose a requirement on construction contracting firms who participate in a multi-employer defined benefit pension plan to have a calculation of withdrawal liability performed and listed on the financial statements of the firm. Separately, Topic 715-80 “Exposure Draft-on Compensation-Retirement Benefits-Multiemployer Plans” would require not only the calculation and reporting of withdrawal liability, but also would require detailed reporting on plans total assets and benefit obligations, description of rehabilitation plans, percentage of active and retired participants employed by the company, as well as a requirement to engage in inexact predictions of the impact of deficits or surpluses on future trends in contributions.

Our industry has no objection to transparency and financial statement that accurately provide information to end users. However, we must object to practices that would needlessly institutionalize reporting of improbable liabilities which would have the effect of impeding credit while at the same time imposing substantial administrative costs without a corresponding increase in meaningful benefits.

The overwhelming majority of electrical contractors who participate in multiemployer defined benefit pension plans have never and, in all likelihood, will never have withdrawal liability assessed against their companies. Construction entities are treated entirely differently in withdrawal liability regulations and this should carry over to reporting. Even in those rare instances where the potential for withdrawal liability exists, proactive corrective funding measures and benefit adjustments may be spread out over decades to match the long term nature of pension benefit planning. Of course, one year of high investment returns could render published withdrawal liability calculations to be entirely obsolete. Lending institutions, sureties and investors are well acquainted with the unique characteristics of contracting firms. A systematic change in the financial reporting requirements will only lead such end users to assign risk characteristics that may not even exist against the operations of well run companies.

We encourage you to reconsider the need to apply these harmful proposals to electrical construction contracting firms and would welcome the opportunity to provide additional

comments on these topics.

Thank you.

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