



BUILDING CHAPTER,

CONTRACTORS

WASHINGTON, D.C.

OF AMERICA

ASSOCIATED GENERAL

Building Contractors Association of New Jersev

RARITAN CENTER RARITAN PLAZA II FIELDCREST AVENUE EDISON, NJ 08837

West State Street Trenton, NJ

732-225-2265 732-225-3105 fax www.bcanj.com

PAUL NATOLI

ROBERT POLISANO
Vice President

JAMES PRISCO, JR. Secretary

ERIC JENSEN
Treasurer

JACK KOCSIS, JR. Chief Executive Officer

DARLENE REGINA Executive Director October 21, 2010

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference: 1860-100 "Disclosure About an Employer's Participation in a Multi-employer Plan"

Dear Mr. Golden:

On behalf of the members of the Building Contractors Association of New Jersey, who are general contractors and construction managers employing tens of thousands of union craftworkers and party to many different multi-employer pension plans, we appreciate the opportunity to comment on the subject exposure draft. We believe the disclosures will provide misleading financial information and be misinterpreted by the readers of the financial statements. As contractors compete for loans and attempt to secure bonds to maintain a functional business, we have concerns that the specifics of this proposed draft will not provide reliable information for financial institutions or sureties to make decisions to approve loans for or back financially sound companies. We base these concerns on the following:

- Requiring disclosure of withdrawal liability in cases where the likelihood of a withdrawal is remote would *mislead the readers of the financial statement* and create an unnecessary and unreasonable burden on both companies and multi-employer plans. As you know, this issue reveals the inherent *difference between single-employer and multi-employer plans*. The funded position of a single-employer plan represents a true liability of the sponsoring employer, while the funded position of a multi-employer plan does not. Readers of financial statements may assume that the withdrawal liability amounts represent an additional debt that the company will need to pay in the future. If they do not have expertise in multi-employer funding, they will be misled by this disclosure.
- 2) Perhaps MOST IMPORTANT to note is that construction industry employers only incur withdrawal liability if they withdraw from a plan and go non-union in the same area within five years. Thus, to require this disclosure is misleading since it is a liability that will in all likelihood not occur.
- Requiring companies to disclose their withdrawal liability estimates annually will place an unreasonable burden on multi-employer plans to provide that information. It is unlikely multi-employer plans will be able to comply, given their lean administrative resources. Forcing plans to add staff to comply with this administrative burden will be a further financial drain. Rather than deplete the funds, the cost is likely to be passed onto employers. Because it is not uncommon for construction contractors to participate in multiple plans, companies will be faced with a very large cost and their own administrative burden to ascertain this information.



- The timely availability of the information is also problematic. Multi-employer pension plans typically undertake a valuation of their assets and liability on an annual basis. Calculations are often not available for six to nine months after year-end. A company that operates on a calendar year typically gathers financial information for a given year during the first quarter of the following year. Thus, withdrawal liability information is likely to be more than a year out-of-date. Withdrawal liability calculations can vary significantly year-to-year due to the volatility of the equity markets. Thus, information that is a year old is likely to be a very poor representation of the current exposure.
- As previously mentioned, it is not uncommon for general contractors and construction managers to participate in multiple plans. With the proposed exposure draft, the volume of information that will be required for each plan will amount to pages of footnotes that will certainly cast a shadow upon the financial statement itself. Furthermore, much of the information involves other employers' obligations. In essence, this would require the employer to speculate as to the likelihood that other employers will become insolvement. We repeat, this speculative information is likely to be unhelpful and will be misleading.

While we applaud FASB for striving to increase transparency regarding the financial condition of multi-employer pension plans and thereby enhance confidence in financial evaluations, we are concerned the proposed changes will have a far-reaching harmful impact on not only contributing employers but on the many participants and beneficiaries of those plans. The potential socio-economic impact cannot be overlooked. If sponsoring organizations are forced to leave multi-employer plans, retirement burden will be shifted to individuals, social security and government programs.

We hope you will consider the above and other comments and suggestions made by those in the multi-employer community to modify your initial proposal in a way that will enable you to gain greater transparency without requiring excessive and misleading information. For the cure to be worse than the illness would be a grave disservice to all, and an unfortunate effect of your otherwise admirable efforts and goals.

Thank you for your consideration.

Sincerely,

Jack Kocsis, Jr.

Chief Executive Office